DIVISION M—TAX PROVISIONS

SEC. 12001. QUALIFYING ADVANCED MEDICAL MANUFACTURING EQUIPMENT CREDIT.

(a) IN GENERAL.—Subpart E of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 is amended by adding at the end the following new section:

“SEC. 48D. QUALIFYING ADVANCED MEDICAL MANUFACTURING EQUIPMENT CREDIT.

“(a) In General.—For purposes of section 46, the qualifying advanced medical manufacturing equipment credit determined under this section for any taxable year is the applicable percentage of the basis of any qualifying advanced medical manufacturing equipment placed in service during such taxable year.

“(b) Applicable Percentage.—For purposes of subsection (a), the applicable percentage is—

“(1) 30 percent in the case of equipment which is placed in service before January 1, 2029,
“(2) 20 percent in the case of equipment which is placed in service during calendar year 2029,

“(3) 10 percent in the case of equipment which is placed in service during calendar year 2030, and

“(4) 0 percent in the case of equipment which is placed in service after December 31, 2030.

“(c) QUALIFYING ADVANCED MEDICAL MANUFACTURING EQUIPMENT.—For purposes of this section, the term ‘qualifying advanced medical manufacturing equipment’ means property—

“(1) which is machinery or equipment that is designed and used to manufacture a—

“(A) drug (as such term is defined in section 201(g)(1) of the Federal Food, Drug, and Cosmetic Act),

“(B) device (as such term is defined in section 201(h) of such Act), or

“(C) biological product (as such term is defined in section 351(i) of the Public Health Service Act),

“(2) which has been identified by the Secretary (after consultation with the Secretary of Health and Human Services) as machinery or equipment that—
“(A) incorporates novel technology or uses an established technique or technology in a new or innovative way, or

“(B) that can improve medical product quality, address shortages of medicines, and speed time-to-market,

“(3) which is placed in service in the United States by the taxpayer, and

“(4) with respect to which depreciation is allowable.

“(d) CERTAIN QUALIFIED PROGRESS EXPENDITURES RULES MADE APPLICABLE.—Rules similar to the rules of subsections (c)(4) and (d) of section 46 (as in effect on the day before the enactment of the Revenue Reconciliation Act of 1990) shall apply for purposes of this section.

“(e) REGULATIONS.—The Secretary shall prescribe such regulations or other guidance as may be necessary to carry out the purposes of this section, including regulations which prevent abuse or fraud.”.

(b) TREATMENT UNDER BASE EROSION TAX.—Section 59A(b)(1)(B)(ii) of such Code, as amended under section 1 of this Act, is further amended by striking “plus” at the end of subclause (II), by redesignating subclause
(III) the credit allowed under section 46 for the taxable year which is properly allocable to the qualifying advanced medical manufacturing equipment credit determined under section 48D(a), plus”.

(e) Part of Investment Credit.—Section 46 of such Code is amended by striking “and” at the end of paragraph (5), by striking the period at the end of paragraph (6) and inserting “, and”, and by adding at the end the following new paragraph:

“(7) the qualifying advanced medical manufacturing equipment credit.”.

(d) Clerical Amendment.—The table of sections for subpart D of part IV of subchapter A of chapter 1 of such Code is amended by adding at the end the following new item:

“Sec. 48D. Qualifying advanced medical manufacturing equipment credit.”.

(e) Effective Date.—The amendments made by this section shall apply to periods after the date of the enactment of this section under rules similar to the rules of section 48(m) of the Internal Revenue Code of 1986
(as in effect on the date of the enactment fo the Revenue Reconciliation Act of 1990).