

118TH CONGRESS
1ST SESSION

H. R. 5056

To amend the Internal Revenue Code of 1986 to increase the research tax credit and provide better access to the credit for business startups.

IN THE HOUSE OF REPRESENTATIVES

JULY 27, 2023

Ms. TENNEY (for herself, Mr. BUCHANAN, and Mr. FEENSTRA) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to increase the research tax credit and provide better access to the credit for business startups.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Fostering Innovation
5 and Research to Strengthen Tomorrow Act”.

6 **SEC. 2. INCREASE IN RESEARCH CREDIT AND BETTER AC-**
7 **CESS TO CREDIT FOR STARTUPS.**

8 (a) CREDIT RATE INCREASE.—

9 (1) IN GENERAL.—Section 41(a) of the Internal
10 Revenue Code of 1986 is amended by striking “20

1 percent” each place it appears and inserting “40
2 percent”.

3 (2) ALTERNATIVE SIMPLIFIED CREDIT.—Sec-
4 tion 41(c)(4)(A) of such Code is amended by strik-
5 ing “14 percent” and inserting “28 percent”.

6 (3) CREDIT RATE IN CASE OF NO RESEARCH
7 EXPENSES IN 3 PRECEDING YEARS.—Section
8 41(c)(4)(B)(ii) of such Code is amended by striking
9 “6 percent” and inserting “ $\frac{1}{2}$ the credit percentage
10 in effect under subparagraph (A)”.

11 (b) QUALIFIED SMALL BUSINESS GROSS RECEIPTS
12 THRESHOLD UNDER SMALL BUSINESS PORTION AL-
13 LOWED AGAINST PAYROLL TAX.—Section
14 41(h)(3)(A)(i)(I) of such Code is amended by striking
15 “\$5,000,000” and inserting “the dollar amount in effect
16 for the taxable year under section 448(c)(1)”.

17 (c) EFFECTIVE DATES.—The amendments made by
18 this section shall apply to taxable years beginning after
19 December 31, 2023.

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