

119TH CONGRESS
1ST SESSION

H. R. 110

To amend the Internal Revenue Code of 1986 to expand the deduction for qualified business income, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 3, 2025

Mr. BIGGS of Arizona 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 expand the deduction for qualified business income, and for other purposes.

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 “Small Business Pros-
5 perity Act of 2025”.

6 **SEC. 2. INCREASE AND EXPANSION OF DEDUCTION FOR**
7 **QUALIFIED BUSINESS INCOME.**

8 (a) DEDUCTION MADE PERMANENT.—Section 199A
9 of the Internal Revenue Code of 1986 is amended by strik-
10 ing subsection (i).

1 (b) DEDUCTION TO ACHIEVE A TOP RATE ON
 2 QUALIFIED BUSINESS INCOME OF 21 PERCENT.—Sub-
 3 sections (a)(2) and (b)(1)(B) of section 199A of such Code
 4 are each amended by striking “20 percent” and inserting
 5 “43 percent (47 percent in the case of any taxable year
 6 beginning after December 31, 2025)”.

7 (c) REPEAL OF LIMITATION BASED ON W-2 WAGES
 8 PAID WITH RESPECT TO THE TRADE OR BUSINESS, TOP
 9 RATE ON QUALIFIED BUSINESS INCOME.—Section
 10 199A(b)(2) of such Code is amended to read as follows:

11 “(2) DETERMINATION OF DEDUCTIBLE
 12 AMOUNT FOR EACH TRADE OR BUSINESS.—The
 13 amount determined under this paragraph with re-
 14 spect to any qualified trade or business is 43 percent
 15 (47 percent in the case of any taxable year begin-
 16 ning after December 31, 2025) of the taxpayer’s
 17 qualified business income with respect to the quali-
 18 fied trade or business.”.

19 (d) REPEAL OF EXCLUSION OF SPECIFIED SERVICE
 20 TRADES OR BUSINESSES.—Section 199A(d) of such Code
 21 is amended to read as follows:

22 “(d) QUALIFIED TRADE OR BUSINESS.—For pur-
 23 poses of this section, the term ‘qualified trade or business’
 24 means any trade or business other than the trade or busi-
 25 ness of performing services as an employee.”.

(e) CONFORMING AMENDMENTS.—

(1) Section 199A(b) of such Code is amended—

(A) by striking paragraphs (3), (4), and (6), and redesignating paragraphs (5) and (7) as paragraphs (3) and (4), respectively, and

(B) by striking “the lesser of—” and all that follows in paragraph (4) (as so redesignated) and inserting “9 percent of so much of the qualified business income with respect to such trade or business as is properly allocable to qualified payments received from such cooperative”.

(2) Section 199A(e) of such Code is amended by striking paragraph (2).

(3) Section 199A(f)(1) of such Code is amended to read as follows:

“(1) APPLICATION TO PARTNERSHIPS AND S CORPORATIONS.—

“(A) IN GENERAL.—In the case of a partnership or S corporation—

“(i) this section shall be applied at the partner or shareholder level, and

“(ii) each partner or shareholder shall take into account such person’s allocable

1 share of each qualified item of income,
2 gain, deduction, and loss.

3 For purposes of this subparagraph, in the case
4 of an S corporation, an allocable share shall be
5 the shareholder's pro rata share of an item.

6 “(B) TREATMENT OF TRADES OR BUSI-
7 NESS IN PUERTO RICO.—In the case of any tax-
8 payer with qualified business income from
9 sources within the commonwealth of Puerto
10 Rico, if all such income is taxable under section
11 1 for such taxable year, then for purposes of
12 determining the qualified business income of
13 such taxpayer for such taxable year, the term
14 ‘United States’ shall include the Commonwealth
15 of Puerto Rico.”.

16 (4) Section 199A(f)(4)(A) of such Code is
17 amended by striking “and wages”.

18 (5) Section 199A(g)(1) of such Code is amend-
19 ed by striking subparagraph (B) and redesignating
20 subparagraph (C) as subparagraph (B).

21 (6) Section 199A of such Code is amended by
22 striking subsection (h).

23 (f) EFFECTIVE DATE.—The amendments made by
24 this section shall apply to taxable years beginning after
25 December 31, 2024.

1 **SEC. 3. NO TAXABLE EVENT FOR CHANGE OF CORPORATE**
2 **FORM.**

3 Notwithstanding any provision of the Internal Rev-
4 enue Code of 1986, a change in the organizational struc-
5 ture of a corporation, however organized, into another or-
6 ganizational structure is not a taxable event for the pur-
7 poses of such Code if there is no change among the own-
8 ers, their ownership interests, or the assets of the organi-
9 zation (other than a de minimis change in such assets).
10 The preceding sentence shall apply to changes in organiza-
11 tional structure occurring after December 31, 2024.

12 **SEC. 4. REPEAL OF ESTATE TAX AND RETENTION OF BASIS**
13 **STEP-UP.**

14 Effective for estates of decedents dying after Decem-
15 ber 31, 2024, chapter 11 of the Internal Revenue Code
16 of 1986 is repealed.

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