

**Amendment to the Amendment in the Nature of a Substitute to H. Con. Res. 14
Offered by Rep. Moore**

The Mom and Pop Tax Relief Amendment

This amendment would replace the existing 199A deduction with a small business deduction of \$25,000 on Qualifying Business Income phasing-out for business owners with over \$200,000 in income for single filers and over \$400,000 in income for joint filers.

AMENDMENT**OFFERED BY M**____.

Section 110005 is amended by striking subsections (b), (c), and (e).

Section 110005(d)(1) is amended by striking “Subsections (b)(1)(B) and” and inserting “Subsection”.

Section 110005(d) is amended by striking paragraph (2).

Section 110005 is amended by inserting after subsection (e) the following new subsections:

1 (f) DEDUCTION ALLOWED FOR FIRST \$25,000 OF
2 QUALIFIED BUSINESS INCOME.—

3 (1) IN GENERAL.—Section 199A(b)(1) is
4 amended to read as follows:

5 “(1) IN GENERAL.—The term ‘combined qualified
6 qualified business income amount’ means, with respect to
7 any taxable year, an amount equal to the lesser of—

8 “(A) the sum of the taxpayer’s qualified
9 business income for each qualified trade or
10 business carried on by the taxpayer, or

11 “(B) \$25,000.”.

12 (2) CONFORMING AMENDMENTS.—

1 (A) Section 199A(a)(2) is amended by
2 striking “20 percent of”.

3 (B) Section 199A(b) is amended by strik-
4 ing paragraph (2).

5 (g) CONSOLIDATED TAXPAYER LEVEL ADJUSTED
6 GROSS INCOME LIMITATION.—Section 199A(b) of such
7 Code is amended—

8 (1) by striking paragraph (3), and

9 (2) by inserting after paragraph (1) the fol-
10 lowing new paragraph:

11 “(2) ADJUSTED GROSS INCOME LIMITATION.—
12 The combined qualified business income of the tax-
13 payer for the taxable year shall be reduced (but not
14 below zero) by so much of the amount by which the
15 adjusted gross income of the taxpayer exceeds
16 \$200,000 (\$400,000 in the case of a joint return).”.

17 (h) SIMPLIFICATION WITH RESPECT TO LOSS CAR-
18 RYOVER.—Section 199(c) is amended by striking para-
19 graph (2).

20 (i) OTHER CONFORMING AMENDMENTS.—

21 (1)(A) Section 199A(b) is amended by striking
22 paragraph (4).

23 (B) Section 199A(g)(1)(B)(ii) is amended to
24 read as follows:

1 “(ii) W-2 WAGES.—For purposes of
2 this subparagraph—

3 “(I) IN GENERAL.—The term
4 ‘W-2 wages’ means, with respect to
5 any person for any taxable year of
6 such person, the amounts described in
7 paragraphs (3) and (8) of section
8 6051(a) paid by such person with re-
9 spect to employment of employees by
10 such person during the calendar year
11 ending during such taxable year.

12 “(II) MUST BE PROPERLY ALLO-
13 CABLE TO DOMESTIC PRODUCTION
14 GROSS RECEIPTS.—The W-2 wages of
15 the taxpayer shall not include any
16 amount which is not properly allocable
17 to domestic production gross receipts
18 for purposes of paragraph (3)(A).

19 “(III) RETURN REQUIREMENT.—
20 Such term shall not include any
21 amount which is not properly included
22 in a return filed with the Social Secu-
23 rity Administration on or before the
24 60th day after the due date (including
25 extensions) for such return.”.

1 (C) Section 199A(f)(1) is amended—

2 (i) by inserting “and” at the end of sub-
3 paragraph (A)(i),

4 (ii) by striking “, and” at the end of sub-
5 paragraph (A)(ii),

6 (iii) by striking clause (iii),

7 (iv) by striking “For purposes of clause
8 (iii)” and all that follows through “For pur-
9 poses of this subparagraph” and inserting “For
10 purposes of this subparagraph”, and

11 (v) by striking subparagraph (B) and re-
12 designating subparagraph (C) as subparagraph
13 (B).

14 (2)(A) Section 199A(b) is amended by striking
15 paragraph (5).

16 (B) Section 199A(g)(5) is amended by adding
17 at the end the following new subparagraph:

18 “(F) ACQUISITIONS, DISPOSITIONS, AND
19 SHORT TAXABLE YEARS.—The Secretary shall
20 provide for the application of this subsection in
21 cases of a short taxable year or where the tax-
22 payer acquires, or disposes of, the major por-
23 tion of a trade or business or the major portion
24 of a separate unit of a trade or business during
25 the taxable year.”.

1 (3) Section 199A(b) is amended by striking
2 paragraph (6).

3 (4)(A) Section 199A(b) is amended by redesignig-
4 nating paragraph (7) as paragraph (3).

5 (B) Section 199A(b)(3) (as so redesignated) is
6 amended by striking “under paragraph (2)” and in-
7 serting “under paragraph (1)(A)”.

8 (5) Section 199A(d) is amended to read as fol-
9 lows:

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

14 (6) Section 199A(e) is amended to read as fol-
15 lows:

16 “(e) TAXABLE INCOME DEFINED.—For purposes of
17 this section, except as otherwise provided in subsection
18 (g)(2)(B), taxable income shall be computed without re-
19 gard to any deduction allowable under this section.”.

