

**AMENDMENT IN THE NATURE OF A SUBSTITUTE
TO H.R. 4718
OFFERED BY MR. CAMP OF MICHIGAN**

Strike all after the enacting clause and insert the following:

1 **SECTION 1. BONUS DEPRECIATION MODIFIED AND MADE**
2 **PERMANENT.**

3 (a) MADE PERMANENT; INCLUSION OF QUALIFIED
4 RETAIL IMPROVEMENT PROPERTY.—Section 168(k)(2) of
5 the Internal Revenue Code of 1986 is amended to read
6 as follows:

7 “(2) QUALIFIED PROPERTY.—For purposes of
8 this subsection—

9 “(A) IN GENERAL.—The term ‘qualified
10 property’ means property—

11 “(i)(I) to which this section applies
12 which has a recovery period of 20 years or
13 less,

14 “(II) which is computer software
15 (as defined in section 167(f)(1)(B))
16 for which a deduction is allowable
17 under section 167(a) without regard
18 to this subsection,

1 “(III) which is water utility prop-
2 erty,

3 “(IV) which is qualified leasehold
4 improvement property, or

5 “(V) which is qualified retail im-
6 provement property, and

7 “(ii) the original use of which com-
8 mences with the taxpayer.

9 “(B) EXCEPTION FOR ALTERNATIVE DE-
10 PRECIATION PROPERTY.—The term ‘qualified
11 property’ shall not include any property to
12 which the alternative depreciation system under
13 subsection (g) applies, determined—

14 “(i) without regard to paragraph (7)
15 of subsection (g) (relating to election to
16 have system apply), and

17 “(ii) after application of section
18 280F(b) (relating to listed property with
19 limited business use).

20 “(C) SPECIAL RULES.—

21 “(i) SALE-LEASEBACKS.—For pur-
22 poses of clause (ii) and subparagraph
23 (A)(ii), if property is—

24 “(I) originally placed in service
25 by a person, and

1 “(II) sold and leased back by
2 such person within 3 months after the
3 date such property was originally
4 placed in service,
5 such property shall be treated as originally
6 placed in service not earlier than the date
7 on which such property is used under the
8 leaseback referred to in subclause (II).

9 “(ii) SYNDICATION.—For purposes of
10 subparagraph (A)(ii), if—

11 “(I) property is originally placed
12 in service by the lessor of such prop-
13 erty,

14 “(II) such property is sold by
15 such lessor or any subsequent pur-
16 chaser within 3 months after the date
17 such property was originally placed in
18 service (or, in the case of multiple
19 units of property subject to the same
20 lease, within 3 months after the date
21 the final unit is placed in service, so
22 long as the period between the time
23 the first unit is placed in service and
24 the time the last unit is placed in

1 service does not exceed 12 months),
2 and

3 “(III) the user of such property
4 after the last sale during such 3-
5 month period remains the same as
6 when such property was originally
7 placed in service,

8 such property shall be treated as originally
9 placed in service not earlier than the date
10 of such last sale.

11 “(D) COORDINATION WITH SECTION
12 280F.—For purposes of section 280F—

13 “(i) AUTOMOBILES.—In the case of a
14 passenger automobile (as defined in section
15 280F(d)(5)) which is qualified property,
16 the Secretary shall increase the limitation
17 under section 280F(a)(1)(A)(i) by \$8,000.

18 “(ii) LISTED PROPERTY.—The deduc-
19 tion allowable under paragraph (1) shall be
20 taken into account in computing any re-
21 capture amount under section 280F(b)(2).

22 “(iii) INFLATION ADJUSTMENT.— In
23 the case of any taxable year beginning in
24 a calendar year after 2014, the \$8,000

1 amount in clause (i) shall be increased by
2 an amount equal to—

3 “(I) such dollar amount, multi-
4 plied by

5 “(II) the automobile price infla-
6 tion adjustment determined under sec-
7 tion 280F(d)(7)(B)(i) for the calendar
8 year in which such taxable year begins
9 by substituting ‘2013’ for ‘1987’ in
10 subclause (II) thereof.

11 If any increase under the preceding sen-
12 tence is not a multiple of \$100, such in-
13 crease shall be rounded to the nearest mul-
14 tiple of \$100.

15 “(E) DEDUCTION ALLOWED IN COMPUTING
16 MINIMUM TAX.—For purposes of determining
17 alternative minimum taxable income under sec-
18 tion 55, the deduction under section 167 for
19 qualified property shall be determined without
20 regard to any adjustment under section 56.”.

21 (b) EXPANSION OF ELECTION TO ACCELERATE AMT
22 CREDITS IN LIEU OF BONUS DEPRECIATION.—Section
23 168(k)(4) of such Code is amended to read as follows:

24 “(4) ELECTION TO ACCELERATE AMT CREDITS
25 IN LIEU OF BONUS DEPRECIATION.—

1 “(A) IN GENERAL.—If a corporation elects
2 to have this paragraph apply for any taxable
3 year—

4 “(i) paragraphs (1)(A), (2)(D)(i), and
5 (5)(A)(i) shall not apply for such taxable
6 year,

7 “(ii) the applicable depreciation meth-
8 od used under this section with respect to
9 any qualified property shall be the straight
10 line method, and

11 “(iii) the limitation imposed by section
12 53(c) for such taxable year shall be in-
13 creased by the bonus depreciation amount
14 which is determined for such taxable year
15 under subparagraph (B).

16 “(B) BONUS DEPRECIATION AMOUNT.—
17 For purposes of this paragraph—

18 “(i) IN GENERAL.—The bonus depre-
19 ciation amount for any taxable year is an
20 amount equal to 20 percent of the excess
21 (if any) of—

22 “(I) the aggregate amount of de-
23 preciation which would be allowed
24 under this section for qualified prop-
25 erty placed in service by the taxpayer

1 during such taxable year if paragraph
2 (1) applied to all such property, over
3 “(II) the aggregate amount of
4 depreciation which would be allowed
5 under this section for qualified prop-
6 erty placed in service by the taxpayer
7 during such taxable year if paragraph
8 (1) did not apply to any such prop-
9 erty.

10 The aggregate amounts determined under
11 subclauses (I) and (II) shall be determined
12 without regard to any election made under
13 subsection (b)(2)(D), (b)(3)(D), or (g)(7)
14 and without regard to subparagraph
15 (A)(ii).

16 “(ii) LIMITATION.—The bonus depre-
17 ciation amount for any taxable year shall
18 not exceed the lesser of—

19 “(I) 50 percent of the minimum
20 tax credit under section 53(b) for the
21 first taxable year ending after Decem-
22 ber 31, 2013, or

23 “(II) the minimum tax credit
24 under section 53(b) for such taxable
25 year determined by taking into ac-

1 count only the adjusted net minimum
2 tax for taxable years ending before
3 January 1, 2014 (determined by
4 treating credits as allowed on a first-
5 in, first-out basis).

6 “(iii) AGGREGATION RULE.—All cor-
7 porations which are treated as a single em-
8 ployer under section 52(a) shall be treat-
9 ed—

10 “(I) as 1 taxpayer for purposes
11 of this paragraph, and

12 “(II) as having elected the appli-
13 cation of this paragraph if any such
14 corporation so elects.

15 “(C) CREDIT REFUNDABLE.—For pur-
16 poses of section 6401(b), the aggregate increase
17 in the credits allowable under part IV of sub-
18 chapter A for any taxable year resulting from
19 the application of this paragraph shall be treat-
20 ed as allowed under subpart C of such part
21 (and not any other subpart).

22 “(D) OTHER RULES.—

23 “(i) ELECTION.—Any election under
24 this paragraph may be revoked only with
25 the consent of the Secretary.

1 “(ii) PARTNERSHIPS WITH ELECTING
2 PARTNERS.—In the case of a corporation
3 which is a partner in a partnership and
4 which makes an election under subpara-
5 graph (A) for the taxable year, for pur-
6 poses of determining such corporation’s
7 distributive share of partnership items
8 under section 702 for such taxable year—

9 “(I) paragraphs (1)(A),
10 (2)(D)(i), and (5)(A)(i) shall not
11 apply, and

12 “(II) the applicable depreciation
13 method used under this section with
14 respect to any qualified property shall
15 be the straight line method.

16 “(iii) CERTAIN PARTNERSHIPS.—In
17 the case of a partnership in which more
18 than 50 percent of the capital and profits
19 interests are owned (directly or indirectly)
20 at all times during the taxable year by 1
21 corporation (or by corporations treated as
22 1 taxpayer under subparagraph (B)(iii)),
23 each partner shall compute its bonus de-
24 preciation amount under clause (i) of sub-
25 paragraph (B) by taking into account its

1 distributive share of the amounts deter-
2 mined by the partnership under subclauses
3 (I) and (II) of such clause for the taxable
4 year of the partnership ending with or
5 within the taxable year of the partner.”.

6 (c) SPECIAL RULES FOR TREES AND VINES BEARING
7 FRUITS AND NUTS.—Section 168(k) of such Code is
8 amended—

9 (1) by striking paragraph (5), and

10 (2) by inserting after paragraph (4) the fol-
11 lowing new paragraph::

12 “(5) SPECIAL RULES FOR TREES AND VINES
13 BEARING FRUITS AND NUTS.—

14 “(A) IN GENERAL.—In the case of any
15 tree or vine bearing fruits or nuts which is
16 planted, or is grafted to a plant that has al-
17 ready been planted, by the taxpayer in the ordi-
18 nary course of the taxpayer’s farming business
19 (as defined in section 263A(e)(4))—

20 “(i) a depreciation deduction equal to
21 50 percent of the adjusted basis of such
22 tree or vine shall be allowed under section
23 167(a) for the taxable year in which such
24 tree or vine is so planted or grafted, and

1 “(ii) the adjusted basis of such tree or
2 vine shall be reduced by the amount of
3 such deduction.

4 “(B) ELECTION OUT.—If a taxpayer
5 makes an election under this subparagraph for
6 any taxable year, this paragraph shall not apply
7 to any tree or vine planted or grafted during
8 such taxable year. An election under this sub-
9 paragraph may be revoked only with the con-
10 sent of the Secretary.

11 “(C) ADDITIONAL DEPRECIATION MAY BE
12 CLAIMED ONLY ONCE.—If this paragraph ap-
13 plies to any tree or vine, such tree or vine shall
14 not be treated as qualified property in the tax-
15 able year in which placed in service.

16 “(D) COORDINATION WITH ELECTION TO
17 ACCELERATE AMT CREDITS.—If a corporation
18 makes an election under paragraph (4) for any
19 taxable year, the amount under paragraph
20 (4)(B)(i)(I) for such taxable year shall be in-
21 creased by the amount determined under sub-
22 paragraph (A)(i) for such taxable year.

23 “(E) DEDUCTION ALLOWED IN COMPUTING
24 MINIMUM TAX.—Rules similar to the rules of

1 paragraph (2)(E) shall apply for purposes of
2 this paragraph.”.

3 (d) CONFORMING AMENDMENTS.—

4 (1) Section 168(e)(8) of such Code is amended
5 by striking subparagraph (D).

6 (2) Section 168(k) of such Code is amended by
7 adding at the end the following new paragraph:

8 “(6) ELECTION OUT.—If a taxpayer makes an
9 election under this paragraph with respect to any
10 class of property for any taxable year, this sub-
11 section shall not apply to all property in such class
12 placed in service (or, in the case of paragraph (5),
13 planted or grafted) during such taxable year. An
14 election under this paragraph may be revoked only
15 with the consent of the Secretary.”.

16 (3) Section 168(l)(5) of such Code is amended
17 by striking “section 168(k)(2)(G)” and inserting
18 “section 168(k)(2)(E)”.

19 (4) Section 263A(c) of such Code is amended
20 by adding at the end the following new paragraph:

21 “(7) COORDINATION WITH SECTION
22 168(k)(5).—This section shall not apply to any
23 amount allowable as a deduction by reason of section
24 168(k)(5) (relating to special rules for trees and
25 vines bearing fruits and nuts).”.

1 (5) Section 460(c)(6)(B) of such Code is
2 amended by striking “which—” and all that follows
3 and inserting “which has a recovery period of 7
4 years or less.”.

5 (6) Section 168(k) of such Code is amended by
6 striking “ACQUIRED AFTER DECEMBER 31, 2007,
7 AND BEFORE JANUARY 1, 2014” in the heading
8 thereof.

9 (e) EFFECTIVE DATES.—

10 (1) IN GENERAL.—Except as otherwise pro-
11 vided in this subsection, the amendments made by
12 this section shall apply to property placed in service
13 after December 31, 2013.

14 (2) EXPANSION OF ELECTION TO ACCELERATE
15 AMT CREDITS IN LIEU OF BONUS DEPRECIATION.—

16 (A) IN GENERAL.—The amendment made
17 by subsection (b) (other than so much of such
18 amendment as relates to section
19 168(k)(4)(D)(iii) of such Code, as added by
20 such amendment) shall apply to taxable years
21 ending after December 31, 2013.

22 (B) TRANSITIONAL RULE.—In the case of
23 a taxable year beginning before January 1,
24 2014, and ending after December 31, 2013, the
25 bonus depreciation amount determined under

1 section 168(k)(4) of such Code for such year
2 shall be the sum of—

3 (i) such amount determined without
4 regard to the amendments made by this
5 section and—

6 (I) by taking into account only
7 property placed in service before Jan-
8 uary 1, 2014, and

9 (II) by multiplying the limitation
10 under section 168(k)(4)(C)(ii) of such
11 Code (determined without regard to
12 the amendments made by this section)
13 by a fraction the numerator of which
14 is the number of days in the taxable
15 year before January 1, 2014, and the
16 denominator of which is the number
17 of days in the taxable year, and

18 (ii) such amount determined after
19 taking into account the amendments made
20 by this section and—

21 (I) by taking into account only
22 property placed in service after De-
23 cember 31, 2013, and

24 (II) by multiplying the limitation
25 under section 168(k)(4)(B)(ii) of such

1 Code (as amended by this section) by
2 a fraction the numerator of which is
3 the number of days in the taxable
4 year after December 31, 2013, and
5 the denominator of which is the num-
6 ber of days in the taxable year.

7 (3) SPECIAL RULES FOR CERTAIN TREES AND
8 VINES.—The amendment made by subsection (e)(2)
9 shall apply to trees and vines planted or grafted
10 after December 31, 2013.

