

PUBLIC LAW 106-170; 106TH CONGRESS, 1ST SESSION; H.R. 1180; 113 STAT. 1860

TITLE V -- TAX RELIEF EXTENSION ACT OF 1999

Subtitle A -- Extensions

SEC. 502. RESEARCH CREDIT.

(a) EXTENSION. --

(1) IN GENERAL. -- Paragraph (1) of section 41(h) of the Internal Revenue Code of 1986 (relating to termination) is amended --

(A) by striking "June 30, 1999" and inserting "June 30, 2004"; and

(B) by striking the material following subparagraph (B).

(2) TECHNICAL AMENDMENT. -- Subparagraph (D) of section 45C(b)(1) of such Code is amended by striking "June 30, 1999" and inserting "June 30, 2004".

(3) EFFECTIVE DATE. -- The amendments made by this subsection shall apply to amounts paid or incurred after June 30, 1999.

(b) INCREASE IN PERCENTAGES UNDER ALTERNATIVE INCREMENTAL CREDIT. --

(1) IN GENERAL. -- Subparagraph (A) of section 41(c)(4) of such Code is amended --

(A) by striking "1.65 percent" and inserting "2.65 percent";

(B) by striking "2.2 percent" and inserting "3.2 percent"; and

(C) by striking "2.75 percent" and inserting "3.75 percent".

(2) EFFECTIVE DATE. -- The amendments made by this subsection shall apply to taxable years beginning after June 30, 1999.

(c) EXTENSION OF RESEARCH CREDIT TO RESEARCH IN PUERTO RICO AND THE POSSESSIONS OF THE UNITED STATES. --

(1) IN GENERAL. -- Subsections (c)(6) and (d)(4)(F) of section 41 of such Code (relating to foreign research) are each amended by inserting", the Commonwealth of Puerto Rico, or any possession of the United States" after "United States".

(2) DENIAL OF DOUBLE BENEFIT. -- Section 280C(c)(1) of such Code is amended by inserting "or credit" after "deduction" each place it appears.

(3) EFFECTIVE DATE. -- The amendments made by this subsection shall apply to amounts paid or incurred after June 30, 1999.

(d) SPECIAL RULE. --

(1) IN GENERAL. -- For purposes of the Internal Revenue Code of 1986, the credit determined under section 41 of such Code which is otherwise allowable under such Code --

(A) shall not be taken into account prior to October 1, 2000, to the extent such credit is attributable to the first suspension period; and

(B) shall not be taken into account prior to October 1, 2001, to the extent such credit is attributable to the second suspension period.

On or after the earliest date that an amount of credit may be taken into account, such amount may be taken into account through the filing of an amended return, an application for expedited refund, an adjustment of estimated taxes, or other means allowed by such Code.

(2) SUSPENSION PERIODS. -- For purposes of this subsection --

(A) the first suspension period is the period beginning on July 1, 1999, and ending on September 30, 2000; and

(B) the second suspension period is the period beginning on October 1, 2000, and ending on September 30, 2001.

(3) EXPEDITED REFUNDS. --

(A) IN GENERAL. -- If there is an overpayment of tax with respect to a taxable year by reason of paragraph (1), the taxpayer may file an application for a tentative refund of such overpayment. Such application shall be in such manner and form, and contain such information, as the Secretary may prescribe.

(B) DEADLINE FOR APPLICATIONS. -- Subparagraph (A) shall apply only to an application filed before the date which is 1 year after the close of the suspension period to which the application relates.

(C) ALLOWANCE OF ADJUSTMENTS. -- Not later than 90 days after the date on which an application is filed under this paragraph, the Secretary shall --

(i) review the application;

(ii) determine the amount of the overpayment; and

(iii) apply, credit, or refund such overpayment, in a manner similar to the manner provided in section 6411(b) of such Code.

(D) CONSOLIDATED RETURNS. -- The provisions of section 6411(c) of such Code shall apply to an adjustment under this paragraph in such manner as the Secretary may provide.

(4) CREDIT ATTRIBUTABLE TO SUSPENSION PERIOD. --

(A) IN GENERAL. -- For purposes of this subsection, in the case of a taxable year which includes a portion of the suspension period, the amount of credit determined under section 41 of such Code for such taxable year which is attributable to such period is the amount which bears the same ratio to the amount of credit determined under such section 41 for such taxable year as the number of months in the suspension period which are during such taxable year bears to the number of months in such taxable year.

(B) WAIVER OF ESTIMATED TAX PENALTIES. -- No addition to tax shall be made under section 6654 or 6655 of such Code for any period before July 1, 1999, with respect to any underpayment of tax imposed by such Code to the extent such underpayment was created or increased by reason of subparagraph (A).

(5) SECRETARY. -- For purposes of this subsection, the term "Secretary" means the Secretary of the Treasury (or such Secretary's delegate).