

Sec. 101. Temporary exclusion of 100 percent of gain on certain small business stock.

Subtitle B—Limitations and Reporting on Certain Penalties

Sec. 111. Limitation on penalty for failure to disclose certain information.
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TITLE II—REVENUE PROVISIONS

Sec. 201. Exclusion of certain low-quality fuels from the cellulose biofuel producer credit.
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1 **TITLE I—SMALL BUSINESS TAX**
2 **INCENTIVES**

3 **Subtitle A—General Provisions**

4 **SEC. 101. TEMPORARY EXCLUSION OF 100 PERCENT OF**
5 **GAIN ON CERTAIN SMALL BUSINESS STOCK.**

6 (a) IN GENERAL.—Subsection (a) of section 1202 is
7 amended by adding at the end the following new para-
8 graph:

9 “(4) SPECIAL 100 PERCENT EXCLUSION.—In
10 the case of qualified small business stock acquired
11 after March 15, 2010, and before January 1,
12 2012—

13 “(A) paragraph (1) shall be applied by
14 substituting ‘100 percent’ for ‘50 percent’,

1 “(B) paragraph (2) shall not apply, and

2 “(C) paragraph (7) of section 57(a) shall
3 not apply.”.

4 (b) CONFORMING AMENDMENTS.—Paragraph (3) of
5 section 1202(a) is amended—

6 (1) by striking “after the date of the enactment
7 of this paragraph and before January 1, 2011” and
8 inserting “after February 17, 2009, and before
9 March 16, 2010”, and

10 (2) by striking “SPECIAL RULES FOR 2009 AND
11 2010” in the heading and inserting “SPECIAL 75
12 PERCENT EXCLUSION”.

13 (c) EFFECTIVE DATE.—The amendments made by
14 this section shall apply to stock acquired after March 15,
15 2010.

16 **Subtitle B—Limitations and** 17 **Reporting on Certain Penalties**

18 **SEC. 111. LIMITATION ON PENALTY FOR FAILURE TO DIS-** 19 **CLOSE CERTAIN INFORMATION.**

20 (a) IN GENERAL.—Subsection (b) of section 6707A
21 is amended to read as follows:

22 “(b) AMOUNT OF PENALTY.—

23 “(1) IN GENERAL.—Except as otherwise pro-
24 vided in this subsection, the amount of the penalty
25 under subsection (a) with respect to any reportable

1 transaction shall be 75 percent of the decrease in
2 tax shown on the return as a result of such trans-
3 action (or which would have resulted from such
4 transaction if such transaction were respected for
5 Federal tax purposes).

6 “(2) MAXIMUM PENALTY.—The amount of the
7 penalty under subsection (a) with respect to any re-
8 reportable transaction for any taxable year shall not
9 exceed—

10 “(A) in the case of a listed transaction,
11 \$200,000 (\$100,000 in the case of a natural
12 person), or

13 “(B) in the case of any other reportable
14 transaction, \$50,000 (\$10,000 in the case of a
15 natural person).

16 “(3) MINIMUM PENALTY.—The amount of the
17 penalty under subsection (a) with respect to any
18 transaction for any taxable year shall not be less
19 than \$10,000 (\$5,000 in the case of a natural per-
20 son).”.

21 (b) EFFECTIVE DATE.—The amendment made by
22 this section shall apply to penalties assessed after Decem-
23 ber 31, 2006.

1 **SEC. 112. ANNUAL REPORTS ON PENALTIES AND CERTAIN**
2 **OTHER ENFORCEMENT ACTIONS.**

3 (a) IN GENERAL.—The Commissioner of Internal
4 Revenue, in consultation with the Secretary of the Treas-
5 ury, shall submit to the Committee on Ways and Means
6 of the House of Representatives and the Committee on
7 Finance of the Senate an annual report on the penalties
8 assessed by the Internal Revenue Service during the pre-
9 ceding year under each of the following provisions of the
10 Internal Revenue Code of 1986:

11 (1) Section 6662A (relating to accuracy-related
12 penalty on understatements with respect to report-
13 able transactions).

14 (2) Section 6700(a) (relating to promoting abu-
15 sive tax shelters).

16 (3) Section 6707 (relating to failure to furnish
17 information regarding reportable transactions).

18 (4) Section 6707A (relating to failure to include
19 reportable transaction information with return).

20 (5) Section 6708 (relating to failure to main-
21 tain lists of advisees with respect to reportable
22 transactions).

23 (b) ADDITIONAL INFORMATION.—The report re-
24 quired under subsection (a) shall also include information
25 on the following with respect to each year:

1 (1) Any action taken under section 330(b) of
2 title 31, United States Code, with respect to any re-
3 reportable transaction (as defined in section 6707A(c)
4 of the Internal Revenue Code of 1986).

5 (2) Any extension of the time for assessment of
6 tax enforced, or assessment of any amount under
7 such an extension, under paragraph (10) of section
8 6501(e) of the Internal Revenue Code of 1986.

9 (c) DATE OF REPORT.—The first report required
10 under subsection (a) shall be submitted not later than De-
11 cember 31, 2010.

12 **Subtitle C—Preservation of Health**
13 **Savings Accounts and Health**
14 **Flexible Spending Arrange-**
15 **ments**

16 **SEC. 121. REPEAL OF LIMITATIONS ON MEDICINES.**

17 Effective as of the enactment of the Patient Protec-
18 tion and Affordable Care Act, section 9003 of such Act
19 (relating to distributions for medicine qualified only if for
20 prescribed drug or insulin) is hereby repealed and any pro-
21 vision of law amended by such section is amended to read
22 as such provision would read if such section had never
23 been enacted.

1 **SEC. 122. REPEAL OF DOLLAR LIMITATION ON HEALTH**
2 **FLEXIBLE SPENDING ARRANGEMENTS.**

3 Effective as of the enactment of the Patient Protec-
4 tion and Affordable Care Act, section 9005 of such Act
5 (relating to limitation on health flexible spending arrange-
6 ments under cafeteria plans) is hereby repealed and any
7 provision of law amended by such section is amended to
8 read as such provision would read if such section had
9 never been enacted.

10 **Subtitle D—Other Provisions**

11 **SEC. 131. NONRECOURSE SMALL BUSINESS INVESTMENT**
12 **COMPANY LOANS FROM THE SMALL BUSI-**
13 **NESS ADMINISTRATION TREATED AS**
14 **AMOUNTS AT RISK.**

15 (a) IN GENERAL.—Subparagraph (B) of section
16 465(b)(6) is amended to read as follows:

17 “(B) QUALIFIED NONRECOURSE FINANC-
18 ING.—For purposes of this paragraph—

19 “(i) IN GENERAL.—The term ‘quali-
20 fied nonrecourse financing’ means any fi-
21 nancing—

22 “(I) which is qualified real prop-
23 erty financing or qualified SBIC fi-
24 nancing,

25 “(II) except to the extent pro-
26 vided in regulations, with respect to

1 which no person is personally liable
2 for repayment, and

3 “(III) which is not convertible
4 debt.

5 “(ii) QUALIFIED REAL PROPERTY FI-
6 NANCING.—The term ‘qualified real prop-
7 erty financing’ means any financing
8 which—

9 “(I) is borrowed by the taxpayer
10 with respect to the activity of holding
11 real property,

12 “(II) is secured by real property
13 used in such activity, and

14 “(III) is borrowed by the tax-
15 payer from a qualified person or rep-
16 represents a loan from any Federal,
17 State, or local government or instru-
18 mentality thereof, or is guaranteed by
19 any Federal, State, or local govern-
20 ment.

21 “(iii) QUALIFIED SBIC FINANCING.—
22 The term ‘qualified SBIC financing’ means
23 any financing which—

24 “(I) is borrowed by a small busi-
25 ness investment company (within the

1 meaning of section 301 of the Small
2 Business Investment Act of 1958),
3 and

4 “(II) is borrowed from, or guar-
5 anteed by, the Small Business Admin-
6 istration under the authority of sec-
7 tion 303(b) of such Act.”.

8 (b) CONFORMING AMENDMENTS.—Subparagraph (A)
9 of section 465(b)(6) is amended—

10 (1) by striking “in the case of an activity of
11 holding real property,” and

12 (2) by striking “which is secured by real prop-
13 erty used in such activity”.

14 (c) EFFECTIVE DATE.—The amendments made by
15 this section shall apply to loans and guarantees made after
16 the date of the enactment of this Act.

17 **SEC. 132. INCREASE IN AMOUNT ALLOWED AS DEDUCTION**
18 **FOR START-UP EXPENDITURES.**

19 (a) IN GENERAL.—Subsection (b) of section 195 is
20 amended by adding at the end the following new para-
21 graph:

22 “(3) INCREASED LIMITATION FOR TAXABLE
23 YEARS BEGINNING IN 2010 OR 2011.—In the case of
24 any taxable year beginning in 2010 or 2011, para-
25 graph (1)(A)(ii) shall be applied—

1 “(A) by substituting ‘\$20,000’ for
2 ‘\$5,000’, and

3 “(B) by substituting ‘\$75,000’ for
4 ‘\$50,000’.”.

5 (b) **EFFECTIVE DATE.**—The amendments made by
6 this section shall apply to taxable years beginning after
7 December 31, 2009.

8 **TITLE II—REVENUE PROVISIONS**

9 **SEC. 201. EXCLUSION OF CERTAIN LOW-QUALITY FUELS** 10 **FROM THE CELLULOSIC BIOFUEL PRODUCER** 11 **CREDIT.**

12 (a) **IN GENERAL.**—Subparagraph (E) of section
13 40(b)(6) is amended by adding at the end the following
14 new clause:

15 “(iii) **EXCLUSION OF CERTAIN LOW-**
16 **QUALITY FUELS.**—The term ‘cellulosic
17 biofuel’ shall not include any fuel if—

18 “(I) more than 4 percent of such
19 fuel (determined by weight) is any
20 combination of water and sediment,

21 “(II) the ash content of such fuel
22 is more than 1 percent (determined by
23 weight), or

24 “(III) the acid number of such
25 fuel is greater than 25.”.

1 (b) EFFECTIVE DATE.—The amendment made by
2 this section shall apply to fuels sold or used on or after
3 January 1, 2010.

4 **SEC. 202. TIME FOR PAYMENT OF CORPORATE ESTIMATED**
5 **TAXES.**

6 Notwithstanding section 6655 of the Internal Rev-
7 enue Code of 1986, in the case of a corporation with assets
8 of not less than \$1,000,000,000 (determined as of the end
9 of the preceding taxable year)—

10 (1) the amount of any required installment of
11 corporate estimated tax which is otherwise due in
12 July, August, or September of 2010 shall be 100.75
13 percent of such amount, and

14 (2) the amount of the next required installment
15 after an installment referred to in paragraph (1)
16 shall be appropriately reduced to reflect the amount
17 of the increase by reason of such paragraph.

