

1 **SEC. 138153. RESEARCH AND EXPERIMENTAL EXPENDI-**
2 **TURES.**

3 (a) IN GENERAL.—Section 13206 of Public Law
4 115–97 is amended—

5 (1) in subsection (b)(3), by striking “2021”
6 and inserting “2025”, and

7 (2) in subsection (e), by striking “2021” and
8 inserting “2025”.

9 (b) EFFECTIVE DATE.—The amendment made by
10 this section shall take effect on the date of the enactment
11 of this Act.

12 **PART 2—TAX INCREASES FOR HIGH-INCOME**
13 **INDIVIDUALS**

14 **SEC. 138201. APPLICATION OF NET INVESTMENT INCOME**
15 **TAX TO TRADE OR BUSINESS INCOME OF**
16 **CERTAIN HIGH INCOME INDIVIDUALS.**

17 (a) IN GENERAL.—Section 1411 is amended by add-
18 ing at the end the following new subsection:

19 “(f) APPLICATION TO CERTAIN HIGH INCOME INDIV-
20 IDUALS.—

21 “(1) IN GENERAL.—In the case of any indi-
22 vidual whose modified adjusted gross income for the
23 taxable year exceeds the high income threshold
24 amount, subsection (a)(1) shall be applied by sub-
25 stituting ‘the greater of specified net income or net

1 investment income' for 'net investment income' in
2 subparagraph (A) thereof.

3 “(2) PHASE-IN OF INCREASE.—The increase in
4 the tax imposed under subsection (a)(1) by reason of
5 the application of paragraph (1) of this subsection
6 shall not exceed the amount which bears the same
7 ratio to the amount of such increase (determined
8 without regard to this paragraph) as—

9 “(A) the excess described in paragraph (1),
10 bears to

11 “(B) \$100,000 ($\frac{1}{2}$ such amount in the
12 case of a married taxpayer (as defined in sec-
13 tion 7703) filing a separate return).

14 “(3) HIGH INCOME THRESHOLD AMOUNT.—For
15 purposes of this subsection, the term 'high income
16 threshold amount' means—

17 “(A) except as provided in subparagraph
18 (B) or (C), \$400,000,

19 “(B) in the case of a taxpayer making a
20 joint return under section 6013 or a surviving
21 spouse (as defined in section 2(a)), \$500,000,
22 and

23 “(C) in the case of a married taxpayer (as
24 defined in section 7703) filing a separate re-

1 turn, 1/2 of the dollar amount determined under
2 subparagraph (B).

3 “(4) SPECIFIED NET INCOME.—For purposes of
4 this section, the term ‘specified net income’ means
5 net investment income determined—

6 “(A) without regard to the phrase ‘other
7 than such income which is derived in the ordi-
8 nary course of a trade or business not described
9 in paragraph (2),’ in subsection (c)(1)(A)(i),

10 “(B) without regard to the phrase ‘de-
11 scribed in paragraph (2)’ in subsection
12 (c)(1)(A)(ii),

13 “(C) without regard to the phrase ‘other
14 than property held in a trade or business not
15 described in paragraph (2)’ in subsection
16 (c)(1)(A)(iii),

17 “(D) without regard to paragraphs (2),
18 (3), and (4) of subsection (c), and

19 “(E) by treating paragraphs (5) and (6) of
20 section 469(c) (determined without regard to
21 the phrase ‘To the extent provided in regula-
22 tions,’ in such paragraph (6)) as applying for
23 purposes of subsection (c) of this section.”.

24 (b) APPLICATION TO TRUSTS AND ESTATES.—Sec-
25 tion 1411(a)(2)(A) is amended by striking “undistributed

1 net investment income” and inserting “the greater of un-
2 distributed specified net income or undistributed net in-
3 vestment income”.

4 (c) CLARIFICATIONS WITH RESPECT TO DETER-
5 MINATION OF NET INVESTMENT INCOME.—

6 (1) CERTAIN EXCEPTIONS.—Section 1411(c)(6)
7 is amended to read as follows:

8 “(6) SPECIAL RULES.—Net investment income
9 shall not include—

10 “(A) any item taken into account in deter-
11 mining self-employment income for such taxable
12 year on which a tax is imposed by section
13 1401(b),

14 “(B) wages received with respect to em-
15 ployment on which a tax is imposed under sec-
16 tion 3101(b) or 3201(a) (including amounts
17 taken into account under section 3121(v)(2)),
18 and

19 “(C) wages received from the performance
20 of services earned outside the United States for
21 a foreign employer.”.

22 (2) NET OPERATING LOSSES NOT TAKEN INTO
23 ACCOUNT.—Section 1411(c)(1)(B) is amended by in-
24 serting “(other than section 172)” after “this sub-
25 title”.