



JOINT COMMITTEE ON TAXATION

March 27, 2012

JCX-31-12

**DESCRIPTION OF AN AMENDMENT IN THE NATURE OF
A SUBSTITUTE TO THE PROVISIONS OF H.R. 9, THE
“SMALL BUSINESS TAX CUT ACT”**

The Chairman’s amendment in the nature of a substitute modifies H.R. 9 as follows:

Modification of Definition of Qualified Service-Providing Partner

The modification revises the definition of a qualified service-providing partner with respect to any qualified domestic business taxable income that is treated for purposes of the provision as W-2 wages. Under the amendment, a qualified service-providing partner is any partner who is a 10-percent-or-less direct owner and who materially participates in the trade or business to which the income relates.

The amendment also includes a clerical correction to a cross reference.

There is no change in the underlying revenue estimate for H.R. 9 and the estimate is reproduced below.

Fiscal Years
[Millions of Dollars]

<u>Item</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2012-17</u>	<u>2012-22</u>
20-Percent Business Deduction....	-12,526	-32,714	-709	---	---	---	-45,950	-45,950
