

## HR 6763

Small Business Tax Relief Act

**Congress:** 117 (2021–2023, Ended)

**Chamber:** House

**Policy Area:** Taxation

**Introduced:** Feb 18, 2022

**Current Status:** Referred to the House Committee on Ways and Means.

**Latest Action:** Referred to the House Committee on Ways and Means. (Feb 18, 2022)

**Official Text:** <https://www.congress.gov/bill/117th-congress/house-bill/6763>

### Sponsor

**Name:** Rep. Craig, Angie [D-MN-2]

**Party:** Democratic • **State:** MN • **Chamber:** House

### Cosponsors

*No cosponsors are listed for this bill.*

### Committee Activity

Committee	Chamber	Activity	Date
Ways and Means Committee	House	Referred To	Feb 18, 2022

### Subjects & Policy Tags

**Policy Area:**

Taxation

### Related Bills

Bill	Relationship	Last Action
117 S 1598	Related bill	<b>May 12, 2021:</b> Read twice and referred to the Committee on Finance.
117 HR 1068	Related bill	<b>Feb 15, 2021:</b> Referred to the House Committee on Ways and Means.

## Small Business Tax Relief Act

This bill establishes a graduated corporate tax rate for corporations whose taxable income does not exceed \$5 million. The rate of such tax is 18% of taxable income not exceeding \$400,000, and 21% of taxable income that equals or exceeds \$400,000.

The bill also modifies the tax treatment of carried interest, which is compensation that is typically received by a partner of a private equity or hedge fund and is based on a share of the fund's profits. (Under current law, carried interest is taxed as investment income rather than at ordinary income tax rates.)

The bill includes provisions that

- set forth a special rule for the inclusion in gross income of partnership interests transferred in connection with the performance of services,
- treat as ordinary income the net capital gain with respect to an investment services partnership interest except to the extent such gain is attributable to a partner's qualified capital interest,
- exempt income from investment services partnership interests from treatment as qualifying income of a publicly traded partnership,
- exempt certain family partnerships from the application of this bill,
- increase the penalty for underpayments of tax resulting from failure to treat income from an investment services partnership interest as ordinary income, and
- include income and loss from an investment services partnership interest for purposes of determining net earnings from self-employment and applicable self-employment taxes.

The bill defines *investment services partnership interest* as any interest in a partnership held by a person who provides services to a partnership by (1) advising the partnership about investing in, purchasing, or selling specified assets; (2) managing, acquiring, or disposing of specified assets; or (3) arranging financing with respect to acquiring specified assets.

## Actions Timeline

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- **Feb 18, 2022:** Introduced in House
- **Feb 18, 2022:** Referred to the House Committee on Ways and Means.