

Public Law 111-92
111th Congress

An Act

Nov. 6, 2009
[H.R. 3548]

To amend the Supplemental Appropriations Act, 2008 to provide for the temporary availability of certain additional emergency unemployment compensation, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

Worker,
Homeownership,
and Business
Assistance Act of
2009.
Inter-
governmental
relations.
26 USC 1 note.

SECTION 1. SHORT TITLE.

This Act may be cited as the “Worker, Homeownership, and Business Assistance Act of 2009”.

SEC. 2. REVISIONS TO SECOND-TIER BENEFITS.

(a) **IN GENERAL.**—Section 4002(c) of the Supplemental Appropriations Act, 2008 (Public Law 110-252; 26 U.S.C. 3304 note) is amended—

(1) in paragraph (1)—

(A) in the matter preceding subparagraph (A), by striking “If” and all that follows through “paragraph (2)” and inserting “At the time that the amount established in an individual’s account under subsection (b)(1) is exhausted”;

(B) in subparagraph (A), by striking “50 percent” and inserting “54 percent”; and

(C) in subparagraph (B), by striking “13” and inserting “14”;

(2) by striking paragraph (2); and

(3) by redesignating paragraph (3) as paragraph (2).

(b) **EFFECTIVE DATE.**—The amendments made by this section shall apply as if included in the enactment of the Supplemental Appropriations Act, 2008, except that no amount shall be payable by virtue of such amendments with respect to any week of unemployment commencing before the date of the enactment of this Act.

Applicability.
26 USC 3304
note.

SEC. 3. THIRD-TIER EMERGENCY UNEMPLOYMENT COMPENSATION.

(a) **IN GENERAL.**—Section 4002 of the Supplemental Appropriations Act, 2008 (Public Law 110-252; 26 U.S.C. 3304 note) is amended by adding at the end the following new subsection:

“(d) **THIRD-TIER EMERGENCY UNEMPLOYMENT COMPENSATION.**—

“(1) **IN GENERAL.**—If, at the time that the amount added to an individual’s account under subsection (c)(1) (hereinafter ‘second-tier emergency unemployment compensation’) is exhausted or at any time thereafter, such individual’s State is in an extended benefit period (as determined under paragraph (2)), such account shall be further augmented by an

amount (hereinafter ‘third-tier emergency unemployment compensation’) equal to the lesser of—

“(A) 50 percent of the total amount of regular compensation (including dependents’ allowances) payable to the individual during the individual’s benefit year under the State law; or

“(B) 13 times the individual’s average weekly benefit amount (as determined under subsection (b)(2)) for the benefit year.

“(2) EXTENDED BENEFIT PERIOD.—For purposes of paragraph (1), a State shall be considered to be in an extended benefit period, as of any given time, if—

Applicability.

“(A) such a period would then be in effect for such State under such Act if section 203(d) of such Act—

“(i) were applied by substituting ‘4’ for ‘5’ each place it appears; and

“(ii) did not include the requirement under paragraph (1)(A) thereof; or

“(B) such a period would then be in effect for such State under such Act if—

“(i) section 203(f) of such Act were applied to such State (regardless of whether the State by law had provided for such application); and

“(ii) such section 203(f)—

“(I) were applied by substituting ‘6.0’ for ‘6.5’ in paragraph (1)(A)(i) thereof; and

“(II) did not include the requirement under paragraph (1)(A)(ii) thereof.

“(3) LIMITATION.—The account of an individual may be augmented not more than once under this subsection.”.

(b) CONFORMING AMENDMENT TO NON-AUGMENTATION RULE.—Section 4007(b)(2) of the Supplemental Appropriations Act, 2008 (Public Law 110-252; 26 U.S.C. 3304 note) is amended—

(1) by striking “then section 4002(c)” and inserting “then subsections (c) and (d) of section 4002”; and

(2) by striking “paragraph (2) of such section)” and inserting “paragraph (2) of such subsection (c) or (d) (as the case may be))”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply as if included in the enactment of the Supplemental Appropriations Act, 2008, except that no amount shall be payable by virtue of such amendments with respect to any week of unemployment commencing before the date of the enactment of this Act.

Applicability.
26 USC 3304
note.

SEC. 4. FOURTH-TIER EMERGENCY UNEMPLOYMENT COMPENSATION.

(a) IN GENERAL.—Section 4002 of the Supplemental Appropriations Act, 2008 (Public Law 110-252; 26 U.S.C. 3304 note), as amended by section 3(a), is amended by adding at the end the following new subsection:

“(e) FOURTH-TIER EMERGENCY UNEMPLOYMENT COMPENSATION.—

“(1) IN GENERAL.—If, at the time that the amount added to an individual’s account under subsection (d)(1) (third-tier emergency unemployment compensation) is exhausted or at any time thereafter, such individual’s State is in an extended benefit period (as determined under paragraph (2)), such

account shall be further augmented by an amount (hereinafter ‘fourth-tier emergency unemployment compensation’) equal to the lesser of—

“(A) 24 percent of the total amount of regular compensation (including dependents’ allowances) payable to the individual during the individual’s benefit year under the State law; or

“(B) 6 times the individual’s average weekly benefit amount (as determined under subsection (b)(2)) for the benefit year.

Applicability.

“(2) EXTENDED BENEFIT PERIOD.—For purposes of paragraph (1), a State shall be considered to be in an extended benefit period, as of any given time, if—

“(A) such a period would then be in effect for such State under such Act if section 203(d) of such Act—

“(i) were applied by substituting ‘6’ for ‘5’ each place it appears; and

“(ii) did not include the requirement under paragraph (1)(A) thereof; or

“(B) such a period would then be in effect for such State under such Act if—

“(i) section 203(f) of such Act were applied to such State (regardless of whether the State by law had provided for such application); and

“(ii) such section 203(f)—

“(I) were applied by substituting ‘8.5’ for ‘6.5’ in paragraph (1)(A)(i) thereof; and

“(II) did not include the requirement under paragraph (1)(A)(ii) thereof.

“(3) LIMITATION.—The account of an individual may be augmented not more than once under this subsection.”.

(b) CONFORMING AMENDMENT TO NON-AUGMENTATION RULE.—Section 4007(b)(2) of the Supplemental Appropriations Act, 2008 (Public Law 110-252; 26 U.S.C. 3304 note), as amended by section 3(b), is amended—

(1) by striking “and (d)” and inserting “, (d), and (e) of section 4002”; and

(2) by striking “or (d)” and inserting “, (d), or (e) (as the case may be)”.

Applicability.
26 USC 3304
note.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply as if included in the enactment of the Supplemental Appropriations Act, 2008, except that no amount shall be payable by virtue of such amendments with respect to any week of unemployment commencing before the date of the enactment of this Act.

SEC. 5. COORDINATION.

Section 4002 of the Supplemental Appropriations Act, 2008 (Public Law 110-252; 26 U.S.C. 3304 note), as amended by section 4, is amended by adding at the end the following new subsection:

“(f) COORDINATION RULES.—

“(1) COORDINATION WITH EXTENDED COMPENSATION.—Notwithstanding an election under section 4001(e) by a State to provide for the payment of emergency unemployment compensation prior to extended compensation, such State may pay extended compensation to an otherwise eligible individual prior

to any emergency unemployment compensation under subsection (c), (d), or (e) (by reason of the amendments made by sections 2, 3, and 4 of the Worker, Homeownership, and Business Assistance Act of 2009), if such individual claimed extended compensation for at least 1 week of unemployment after the exhaustion of emergency unemployment compensation under subsection (b) (as such subsection was in effect on the day before the date of the enactment of this subsection).

“(2) COORDINATION WITH TIERS II, III, AND IV.—If a State determines that implementation of the increased entitlement to second-tier emergency unemployment compensation by reason of the amendments made by section 2 of the Worker, Homeownership, and Business Assistance Act of 2009 would unduly delay the prompt payment of emergency unemployment compensation under this title by reason of the amendments made by such Act, such State may elect to pay third-tier emergency unemployment compensation prior to the payment of such increased second-tier emergency unemployment compensation until such time as such State determines that such increased second-tier emergency unemployment compensation may be paid without such undue delay. If a State makes the election under the preceding sentence, then, for purposes of determining whether an account may be augmented for fourth-tier emergency unemployment compensation under subsection (e), such State shall treat the date of exhaustion of such increased second-tier emergency unemployment compensation as the date of exhaustion of third-tier emergency unemployment compensation, if such date is later than the date of exhaustion of the third-tier emergency unemployment compensation.”.

SEC. 6. TRANSFER OF FUNDS.

Section 4004(e)(1) of the Supplemental Appropriations Act, 2008 (Public Law 110-252; 26 U.S.C. 3304 note) is amended by striking “Act;” and inserting “Act and sections 2, 3, and 4 of the Worker, Homeownership, and Business Assistance Act of 2009;”.

SEC. 7. EXPANSION OF MODERNIZATION GRANTS FOR UNEMPLOYMENT RESULTING FROM COMPELLING FAMILY REASON.

(a) IN GENERAL.—Clause (i) of section 903(f)(3)(B) of the Social Security Act (42 U.S.C. 1103(f)(3)(B)) is amended to read as follows:

“(i) One or both of the following offenses as selected by the State, but in making such selection, the resulting change in the State law shall not supercede any other provision of law relating to unemployment insurance to the extent that such other provision provides broader access to unemployment benefits for victims of such selected offense or offenses:

“(I) Domestic violence, verified by such reasonable and confidential documentation as the State law may require, which causes the individual reasonably to believe that such individual’s continued employment would jeopardize the safety of the individual or of any member of the individual’s immediate family (as defined by the Secretary of Labor); and

“(II) Sexual assault, verified by such reasonable and confidential documentation as the State

law may require, which causes the individual reasonably to believe that such individual's continued employment would jeopardize the safety of the individual or of any member of the individual's immediate family (as defined by the Secretary of Labor).”.

42 USC 1103
note.

(b) **EFFECTIVE DATE.**—The amendment made by this section shall apply with respect to State applications submitted on and after January 1, 2010.

26 USC 3304
note.

SEC. 8. TREATMENT OF ADDITIONAL REGULAR COMPENSATION.

The monthly equivalent of any additional compensation paid by reason of section 2002 of the Assistance for Unemployed Workers and Struggling Families Act, as contained in Public Law 111-5 (26 U.S.C. 3304 note; 123 Stat. 438) shall be disregarded after the date of the enactment of this Act in considering the amount of income and assets of an individual for purposes of determining such individual's eligibility for, or amount of, benefits under the Supplemental Nutrition Assistance Program (SNAP).

SEC. 9. ADDITIONAL EXTENDED UNEMPLOYMENT BENEFITS UNDER THE RAILROAD UNEMPLOYMENT INSURANCE ACT.

Ante, p. 445.

(a) **BENEFITS.**—Section 2(c)(2)(D) of the Railroad Unemployment Insurance Act, as added by section 2006 of the American Recovery and Reinvestment Act of 2009 (Public Law 111-5), is amended—

(1) in clause (iii)—

(A) by striking “June 30, 2009” and inserting “June 30, 2010”; and

(B) by striking “December 31, 2009” and inserting “December 31, 2010”; and

(2) by adding at the end of clause (iv) the following: “In addition to the amount appropriated by the preceding sentence, out of any funds in the Treasury not otherwise appropriated, there are appropriated \$175,000,000 to cover the cost of additional extended unemployment benefits provided under this subparagraph, to remain available until expended.”.

(b) **ADMINISTRATIVE EXPENSES.**—Section 2006 of division B of the American Recovery and Reinvestment Act of 2009 (Public Law 111-5; 123 Stat. 445) is amended by adding at the end of subsection (b) the following: “In addition to funds appropriated by the preceding sentence, out of any funds in the Treasury not otherwise appropriated, there are appropriated to the Railroad Retirement Board \$807,000 to cover the administrative expenses associated with the payment of additional extended unemployment benefits under section 2(c)(2)(D) of the Railroad Unemployment Insurance Act, to remain available until expended.”.

SEC. 10. 0.2 PERCENT FUTA SURTAX.

26 USC 3301.

(a) **IN GENERAL.**—Section 3301 of the Internal Revenue Code of 1986 (relating to rate of tax) is amended—

(1) by striking “through 2009” in paragraph (1) and inserting “through 2010 and the first 6 months of calendar year 2011”,

(2) by striking “calendar year 2010” in paragraph (2) and inserting “the remainder of calendar year 2011”, and

(3) by inserting “(or portion of the calendar year)” after “during the calendar year”.

(b) **EFFECTIVE DATE.**—The amendments made by this section shall apply to wages paid after December 31, 2009. 26 USC 3301 note.

SEC. 11. EXTENSION AND MODIFICATION OF FIRST-TIME HOMEBUYER TAX CREDIT.

(a) **EXTENSION OF APPLICATION PERIOD.**—

(1) **IN GENERAL.**—Subsection (h) of section 36 of the Internal Revenue Code of 1986 is amended—

26 USC 36.

(A) by striking “December 1, 2009” and inserting “May 1, 2010”,

(B) by striking “SECTION.—This section” and inserting “SECTION.—

“(1) **IN GENERAL.**—This section”, and

(C) by adding at the end the following new paragraph:

“(2) **EXCEPTION IN CASE OF BINDING CONTRACT.**—In the case of any taxpayer who enters into a written binding contract before May 1, 2010, to close on the purchase of a principal residence before July 1, 2010, paragraph (1) shall be applied by substituting ‘July 1, 2010’ for ‘May 1, 2010’.”.

(2) **WAIVER OF RECAPTURE.**—

(A) **IN GENERAL.**—Subparagraph (D) of section 36(f)(4) of such Code is amended by striking “, and before December 1, 2009”.

(B) **CONFORMING AMENDMENT.**—The heading of such subparagraph (D) is amended by inserting “AND 2010” after “2009”.

(3) **ELECTION TO TREAT PURCHASE IN PRIOR YEAR.**—Subsection (g) of section 36 of such Code is amended to read as follows:

“(g) **ELECTION TO TREAT PURCHASE IN PRIOR YEAR.**—In the case of a purchase of a principal residence after December 31, 2008, a taxpayer may elect to treat such purchase as made on December 31 of the calendar year preceding such purchase for purposes of this section (other than subsections (c), (f)(4)(D), and (h)).”.

(b) **SPECIAL RULE FOR LONG-TIME RESIDENTS OF SAME PRINCIPAL RESIDENCE.**—Subsection (c) of section 36 of the Internal Revenue Code of 1986 is amended by adding at the end the following new paragraph:

“(6) **EXCEPTION FOR LONG-TIME RESIDENTS OF SAME PRINCIPAL RESIDENCE.**—In the case of an individual (and, if married, such individual’s spouse) who has owned and used the same residence as such individual’s principal residence for any 5-consecutive-year period during the 8-year period ending on the date of the purchase of a subsequent principal residence, such individual shall be treated as a first-time homebuyer for purposes of this section with respect to the purchase of such subsequent residence.”.

Time period.

(c) **MODIFICATION OF DOLLAR AND INCOME LIMITATIONS.**—

(1) **DOLLAR LIMITATION.**—Subsection (b)(1) of section 36 of the Internal Revenue Code of 1986 is amended by adding at the end the following new subparagraph:

“(D) **SPECIAL RULE FOR LONG-TIME RESIDENTS OF SAME PRINCIPAL RESIDENCE.**—In the case of a taxpayer to whom a credit under subsection (a) is allowed by reason of subsection (c)(6), subparagraphs (A), (B), and (C) shall be

Applicability.

applied by substituting ‘\$6,500’ for ‘\$8,000’ and ‘\$3,250’ for ‘\$4,000’.”

(2) INCOME LIMITATION.—Subsection (b)(2)(A)(i)(II) of section 36 of such Code is amended by striking “\$75,000 (\$150,000)” and inserting “\$125,000 (\$225,000)”.

26 USC 36.

(d) LIMITATION ON PURCHASE PRICE OF RESIDENCE.—Subsection (b) of section 36 of the Internal Revenue Code of 1986 is amended by adding at the end the following new paragraph:

“(3) LIMITATION BASED ON PURCHASE PRICE.—No credit shall be allowed under subsection (a) for the purchase of any residence if the purchase price of such residence exceeds \$800,000.”

(e) WAIVER OF RECAPTURE OF FIRST-TIME HOMEBUYER CREDIT FOR INDIVIDUALS ON QUALIFIED OFFICIAL EXTENDED DUTY.—Paragraph (4) of section 36(f) of the Internal Revenue Code of 1986 is amended by adding at the end the following new subparagraph:

“(E) SPECIAL RULE FOR MEMBERS OF THE ARMED FORCES, ETC.—

“(i) IN GENERAL.—In the case of the disposition of a principal residence by an individual (or a cessation referred to in paragraph (2)) after December 31, 2008, in connection with Government orders received by such individual, or such individual’s spouse, for qualified official extended duty service—

“(I) paragraph (2) and subsection (d)(2) shall not apply to such disposition (or cessation), and

“(II) if such residence was acquired before January 1, 2009, paragraph (1) shall not apply to the taxable year in which such disposition (or cessation) occurs or any subsequent taxable year.

“(ii) QUALIFIED OFFICIAL EXTENDED DUTY SERVICE.—For purposes of this section, the term ‘qualified official extended duty service’ means service on qualified official extended duty as—

“(I) a member of the uniformed services,

“(II) a member of the Foreign Service of the United States, or

“(III) an employee of the intelligence community.

“(iii) DEFINITIONS.—Any term used in this subparagraph which is also used in paragraph (9) of section 121(d) shall have the same meaning as when used in such paragraph.”

(f) EXTENSION OF FIRST-TIME HOMEBUYER CREDIT FOR INDIVIDUALS ON QUALIFIED OFFICIAL EXTENDED DUTY OUTSIDE THE UNITED STATES.—

(1) IN GENERAL.—Subsection (h) of section 36 of the Internal Revenue Code of 1986, as amended by subsection (a), is amended by adding at the end the following:

“(3) SPECIAL RULE FOR INDIVIDUALS ON QUALIFIED OFFICIAL EXTENDED DUTY OUTSIDE THE UNITED STATES.—In the case of any individual who serves on qualified official extended duty service (as defined in section 121(d)(9)(C)(i)) outside the United States for at least 90 days during the period beginning after December 31, 2008, and ending before May 1, 2010, and, if married, such individual’s spouse—

“(A) paragraphs (1) and (2) shall each be applied by substituting ‘May 1, 2011’ for ‘May 1, 2010’, and

Applicability.
Time period.

“(B) paragraph (2) shall be applied by substituting ‘July 1, 2011’ for ‘July 1, 2010’.”

(g) **DEPENDENTS INELIGIBLE FOR CREDIT.**—Subsection (d) of section 36 of the Internal Revenue Code of 1986 is amended by striking “or” at the end of paragraph (1), by striking the period at the end of paragraph (2) and inserting “, or”, and by adding at the end the following new paragraph:

“(3) a deduction under section 151 with respect to such taxpayer is allowable to another taxpayer for such taxable year.”

(h) **IRS MATHEMATICAL ERROR AUTHORITY.**—Paragraph (2) of section 6213(g) of the Internal Revenue Code of 1986 is amended—

(1) by striking “and” at the end of subparagraph (M),

(2) by striking the period at the end of subparagraph (N) and inserting “, and”, and

(3) by inserting after subparagraph (N) the following new subparagraph:

“(O) an omission of any increase required under section 36(f) with respect to the recapture of a credit allowed under section 36.”

(i) **COORDINATION WITH FIRST-TIME HOMEBUYER CREDIT FOR DISTRICT OF COLUMBIA.**—Paragraph (4) of section 1400C(e) of the Internal Revenue Code of 1986 is amended by striking “and before December 1, 2009,”

(j) **EFFECTIVE DATES.**—

(1) **IN GENERAL.**—The amendments made by subsections (b), (c), (d), and (g) shall apply to residences purchased after the date of the enactment of this Act.

(2) **EXTENSIONS.**—The amendments made by subsections (a), (f), and (i) shall apply to residences purchased after November 30, 2009.

(3) **WAIVER OF RECAPTURE.**—The amendment made by subsection (e) shall apply to dispositions and cessations after December 31, 2008.

(4) **MATHEMATICAL ERROR AUTHORITY.**—The amendments made by subsection (h) shall apply to returns for taxable years ending on or after April 9, 2008.

SEC. 12. PROVISIONS TO ENHANCE THE ADMINISTRATION OF THE FIRST-TIME HOMEBUYER TAX CREDIT.

(a) **AGE LIMITATION.**—

(1) **IN GENERAL.**—Subsection (b) of section 36 of the Internal Revenue Code of 1986, as amended by this Act, is amended by adding at the end the following new paragraph:

“(4) **AGE LIMITATION.**—No credit shall be allowed under subsection (a) with respect to the purchase of any residence unless the taxpayer has attained age 18 as of the date of such purchase. In the case of any taxpayer who is married (within the meaning of section 7703), the taxpayer shall be treated as meeting the age requirement of the preceding sentence if the taxpayer or the taxpayer’s spouse meets such age requirement.”

(2) **CONFORMING AMENDMENT.**—Subsection (g) of section 36 of such Code, as amended by this Act, is amended by inserting “(b)(4),” before “(c)”.

(b) **DOCUMENTATION REQUIREMENT.**—Subsection (d) of section 36 of the Internal Revenue Code of 1986, as amended by this

Act, is amended by striking “or” at the end of paragraph (2), by striking the period at the end of paragraph (3) and inserting “, or”, and by adding at the end the following new paragraph:

“(4) the taxpayer fails to attach to the return of tax for such taxable year a properly executed copy of the settlement statement used to complete such purchase.”

26 USC 36. (c) RESTRICTION ON MARRIED INDIVIDUAL ACQUIRING RESIDENCE FROM FAMILY OF SPOUSE.—Clause (i) of section 36(c)(3)(A) of the Internal Revenue Code of 1986 is amended by inserting “(or, if married, such individual’s spouse)” after “person acquiring such property”.

26 USC 6213. (d) CERTAIN ERRORS WITH RESPECT TO THE FIRST-TIME HOME-BUYER TAX CREDIT TREATED AS MATHEMATICAL OR CLERICAL ERRORS.—Paragraph (2) of section 6213(g) the Internal Revenue Code of 1986, as amended by this Act, is amended by striking “and” at the end of subparagraph (N), by striking the period at the end of subparagraph (O) and inserting “, and”, and by inserting after subparagraph (O) the following new subparagraph:

“(P) an entry on a return claiming the credit under section 36 if—

“(i) the Secretary obtains information from the person issuing the TIN of the taxpayer that indicates that the taxpayer does not meet the age requirement of section 36(b)(4),

“(ii) information provided to the Secretary by the taxpayer on an income tax return for at least one of the 2 preceding taxable years is inconsistent with eligibility for such credit, or

“(iii) the taxpayer fails to attach to the return the form described in section 36(d)(4).”.

Applicability.
26 USC 36 note.

(e) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as otherwise provided in this subsection, the amendments made by this section shall apply to purchases after the date of the enactment of this Act.

(2) DOCUMENTATION REQUIREMENT.—The amendments made by subsection (b) shall apply to returns for taxable years ending after the date of the enactment of this Act.

(3) TREATMENT AS MATHEMATICAL AND CLERICAL ERRORS.—The amendments made by subsection (d) shall apply to returns for taxable years ending on or after April 9, 2008.

SEC. 13. 5-YEAR CARRYBACK OF OPERATING LOSSES.

26 USC 172. (a) IN GENERAL.—Subparagraph (H) of section 172(b)(1) of the Internal Revenue Code of 1986 is amended to read as follows:

“(H) CARRYBACK FOR 2008 OR 2009 NET OPERATING LOSSES.—

Applicability.

“(i) IN GENERAL.—In the case of an applicable net operating loss with respect to which the taxpayer has elected the application of this subparagraph—

“(I) subparagraph (A)(i) shall be applied by substituting any whole number elected by the taxpayer which is more than 2 and less than 6 for ‘2’,

“(II) subparagraph (E)(ii) shall be applied by substituting the whole number which is one less than the whole number substituted under subclause (I) for ‘2’, and

“(III) subparagraph (F) shall not apply.

“(ii) APPLICABLE NET OPERATING LOSS.—For purposes of this subparagraph, the term ‘applicable net operating loss’ means the taxpayer’s net operating loss for a taxable year ending after December 31, 2007, and beginning before January 1, 2010.

Definition.
Time period.

“(iii) ELECTION.—

“(I) IN GENERAL.—Any election under this subparagraph may be made only with respect to 1 taxable year.

“(II) PROCEDURE.—Any election under this subparagraph shall be made in such manner as may be prescribed by the Secretary, and shall be made by the due date (including extension of time) for filing the return for the taxpayer’s last taxable year beginning in 2009. Any such election, once made, shall be irrevocable.

“(iv) LIMITATION ON AMOUNT OF LOSS CARRYBACK TO 5TH PRECEDING TAXABLE YEAR.—

“(I) IN GENERAL.—The amount of any net operating loss which may be carried back to the 5th taxable year preceding the taxable year of such loss under clause (i) shall not exceed 50 percent of the taxpayer’s taxable income (computed without regard to the net operating loss for the loss year or any taxable year thereafter) for such preceding taxable year.

“(II) CARRYBACKS AND CARRYOVERS TO OTHER TAXABLE YEARS.—Appropriate adjustments in the application of the second sentence of paragraph (2) shall be made to take into account the limitation of subclause (I).

“(III) EXCEPTION FOR 2008 ELECTIONS BY SMALL BUSINESSES.—Subclause (I) shall not apply to any loss of an eligible small business with respect to any election made under this subparagraph as in effect on the day before the date of the enactment of the Worker, Homeownership, and Business Assistance Act of 2009.

“(v) SPECIAL RULES FOR SMALL BUSINESS.—

“(I) IN GENERAL.—In the case of an eligible small business which made or makes an election under this subparagraph as in effect on the day before the date of the enactment of the Worker, Homeownership, and Business Assistance Act of 2009, clause (iii)(I) shall be applied by substituting ‘2 taxable years’ for ‘1 taxable year’.

“(II) ELIGIBLE SMALL BUSINESS.—For purposes of this subparagraph, the term ‘eligible small business’ has the meaning given such term by subparagraph (F)(iii), except that in applying such subparagraph, section 448(c) shall be applied by substituting ‘\$15,000,000’ for ‘\$5,000,000’ each place it appears.”

(b) ALTERNATIVE TAX NET OPERATING LOSS DEDUCTION.—Subclause (I) of section 56(d)(1)(A)(ii) of the Internal Revenue Code of 1986 is amended to read as follows:

“(I) the amount of such deduction attributable to an applicable net operating loss with respect to which an election is made under section 172(b)(1)(H), or”.

(c) LOSS FROM OPERATIONS OF LIFE INSURANCE COMPANIES.— Subsection (b) of section 810 of the Internal Revenue Code of 1986 is amended by adding at the end the following new paragraph:

26 USC 810.

Applicability.

“(4) CARRYBACK FOR 2008 OR 2009 LOSSES.—

“(A) IN GENERAL.—In the case of an applicable loss from operations with respect to which the taxpayer has elected the application of this paragraph, paragraph (1)(A) shall be applied by substituting any whole number elected by the taxpayer which is more than 3 and less than 6 for ‘3’.

Definition.
Time period.

“(B) APPLICABLE LOSS FROM OPERATIONS.—For purposes of this paragraph, the term ‘applicable loss from operations’ means the taxpayer’s loss from operations for a taxable year ending after December 31, 2007, and beginning before January 1, 2010.

“(C) ELECTION.—

“(i) IN GENERAL.—Any election under this paragraph may be made only with respect to 1 taxable year.

“(ii) PROCEDURE.—Any election under this paragraph shall be made in such manner as may be prescribed by the Secretary, and shall be made by the due date (including extension of time) for filing the return for the taxpayer’s last taxable year beginning in 2009. Any such election, once made, shall be irrevocable.

“(D) LIMITATION ON AMOUNT OF LOSS CARRYBACK TO 5TH PRECEDING TAXABLE YEAR.—

“(i) IN GENERAL.—The amount of any loss from operations which may be carried back to the 5th taxable year preceding the taxable year of such loss under subparagraph (A) shall not exceed 50 percent of the taxpayer’s taxable income (computed without regard to the loss from operations for the loss year or any taxable year thereafter) for such preceding taxable year.

“(ii) CARRYBACKS AND CARRYOVERS TO OTHER TAXABLE YEARS.—Appropriate adjustments in the application of the second sentence of paragraph (2) shall be made to take into account the limitation of clause (i).”.

26 USC 172 note.

(d) ANTI-ABUSE RULES.—The Secretary of Treasury or the Secretary’s designee shall prescribe such rules as are necessary to prevent the abuse of the purposes of the amendments made by this section, including anti-stuffing rules, anti-churning rules (including rules relating to sale-leasebacks), and rules similar to the rules under section 1091 of the Internal Revenue Code of 1986 relating to losses from wash sales.

Applicability.
26 USC 56 note.

(e) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as otherwise provided in this subsection, the amendments made by this section shall apply to net operating losses arising in taxable years ending after December 31, 2007.

(2) **ALTERNATIVE TAX NET OPERATING LOSS DEDUCTION.**—The amendment made by subsection (b) shall apply to taxable years ending after December 31, 2002.

(3) **LOSS FROM OPERATIONS OF LIFE INSURANCE COMPANIES.**—The amendment made by subsection (d) shall apply to losses from operations arising in taxable years ending after December 31, 2007.

(4) **TRANSITIONAL RULE.**—In the case of any net operating loss (or, in the case of a life insurance company, any loss from operations) for a taxable year ending before the date of the enactment of this Act—

(A) any election made under section 172(b)(3) or 810(b)(3) of the Internal Revenue Code of 1986 with respect to such loss may (notwithstanding such section) be revoked before the due date (including extension of time) for filing the return for the taxpayer's last taxable year beginning in 2009, and

(B) any application under section 6411(a) of such Code with respect to such loss shall be treated as timely filed if filed before such due date.

(f) **EXCEPTION FOR TARP RECIPIENTS.**—The amendments made by this section shall not apply to—

26 USC 56 note.

(1) any taxpayer if—

(A) the Federal Government acquired before the date of the enactment of this Act an equity interest in the taxpayer pursuant to the Emergency Economic Stabilization Act of 2008,

(B) the Federal Government acquired before such date of enactment any warrant (or other right) to acquire any equity interest with respect to the taxpayer pursuant to the Emergency Economic Stabilization Act of 2008, or

(C) such taxpayer receives after such date of enactment funds from the Federal Government in exchange for an interest described in subparagraph (A) or (B) pursuant to a program established under title I of division A of the Emergency Economic Stabilization Act of 2008 (unless such taxpayer is a financial institution (as defined in section 3 of such Act) and the funds are received pursuant to a program established by the Secretary of the Treasury for the stated purpose of increasing the availability of credit to small businesses using funding made available under such Act), or

(2) the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation, and

(3) any taxpayer which at any time in 2008 or 2009 was or is a member of the same affiliated group (as defined in section 1504 of the Internal Revenue Code of 1986, determined without regard to subsection (b) thereof) as a taxpayer described in paragraph (1) or (2).

SEC. 14. EXCLUSION FROM GROSS INCOME OF QUALIFIED MILITARY BASE REALIGNMENT AND CLOSURE FRINGE.

(a) **IN GENERAL.**—Subsection (n) of section 132 of the Internal Revenue Code of 1986 is amended—

26 USC 132.

(1) in subparagraph (1) by striking “this subsection) to offset the adverse effects on housing values as a result of

a military base realignment or closure” and inserting “the American Recovery and Reinvestment Tax Act of 2009”, and (2) in subparagraph (2) by striking “clause (1) of”.

26 USC 132 note.

(b) **EFFECTIVE DATE.**—The amendments made by this act shall apply to payments made after February 17, 2009.

SEC. 15. DELAY IN APPLICATION OF WORLDWIDE ALLOCATION OF INTEREST.

26 USC 864.

(a) **IN GENERAL.**—Paragraphs (5)(D) and (6) of section 864(f) of the Internal Revenue Code of 1986 are each amended by striking “December 31, 2010” and inserting “December 31, 2017”.

(b) **CONFORMING AMENDMENT.**—Section 864(f) of the Internal Revenue Code of 1986 is amended by striking paragraph (7).

26 USC 864 note.

(c) **EFFECTIVE DATES.**—The amendments made by this section shall apply to taxable years beginning after December 31, 2010.

SEC. 16. INCREASE IN PENALTY FOR FAILURE TO FILE A PARTNERSHIP OR S CORPORATION RETURN.

26 USC 6698, 6699.

(a) **IN GENERAL.**—Sections 6698(b)(1) and 6699(b)(1) of the Internal Revenue Code of 1986 are each amended by striking “\$89” and inserting “\$195”.

26 USC 6698 note.

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

SEC. 17. CERTAIN TAX RETURN PREPARERS REQUIRED TO FILE RETURNS ELECTRONICALLY.

26 USC 6011.

(a) **IN GENERAL.**—Subsection (e) of section 6011 of the Internal Revenue Code of 1986 is amended by adding at the end the following new paragraph:

“(3) **SPECIAL RULE FOR TAX RETURN PREPARERS.**—

“(A) **IN GENERAL.**—The Secretary shall require that any individual income tax return prepared by a tax return preparer be filed on magnetic media if—

“(i) such return is filed by such tax return preparer, and

“(ii) such tax return preparer is a specified tax return preparer for the calendar year during which such return is filed.

“(B) **SPECIFIED TAX RETURN PREPARER.**—For purposes of this paragraph, the term ‘specified tax return preparer’ means, with respect to any calendar year, any tax return preparer unless such preparer reasonably expects to file 10 or fewer individual income tax returns during such calendar year.

“(C) **INDIVIDUAL INCOME TAX RETURN.**—For purposes of this paragraph, the term ‘individual income tax return’ means any return of the tax imposed by subtitle A on individuals, estates, or trusts.”.

(b) **CONFORMING AMENDMENT.**—Paragraph (1) of section 6011(e) of the Internal Revenue Code of 1986 is amended by striking “The Secretary may not” and inserting “Except as provided in paragraph (3), the Secretary may not”.

26 USC 6011 note.

(c) **EFFECTIVE DATE.**—The amendments made by this section shall apply to returns filed after December 31, 2010.

SEC. 18. TIME FOR PAYMENT OF CORPORATE ESTIMATED TAXES.

26 USC 6655
note.

The percentage under paragraph (1) of section 202(b) of the Corporate Estimated Tax Shift Act of 2009 in effect on the date of the enactment of this Act is increased by 33.0 percentage points.

Approved November 6, 2009.

LEGISLATIVE HISTORY—H.R. 3548:

CONGRESSIONAL RECORD, Vol. 155 (2009):

Sept. 22, considered and passed House.

Oct. 29, Nov. 2-4, considered and passed Senate, amended.

Nov. 5, House concurred in Senate amendment.