To amend the Internal Revenue Code of 1986 to provide a credit for the uncollectible accounts of eligible wholesale distributors.

IN THE HOUSE OF REPRESENTATIVES

Mr. LaHood introduced the following bill; which was referred to the Committee on

A BILL

To amend the Internal Revenue Code of 1986 to provide a credit for the uncollectible accounts of eligible wholesale distributors.

1 Be it enacted by the Senate and House of Representa-
2 tives of the United States of America in Congress assembled,

3 SECTION 1. SHORT TITLE.

4 This Act may be cited as the “Providing Liquidity for Uncollectible Sales Act of 2020” or as the “PLUS Act of 2020”.

(Original Signature of Member)
SEC. 2. CREDIT FOR UNCOLLECTIBLE ACCOUNTS OF ELIGIBLE WHOLESALE DISTRIBUTORS.

(a) In General.—Subpart D of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 is amended by adding after section 45T the following new section:

“SEC. 45U. WHOLESALE DISTRIBUTOR UNCOLLECTIBLE ACCOUNTS CREDIT.

“(a) In General.—For purposes of section 38, in the case of an eligible wholesale distributor, the wholesale distributor uncollectible accounts credit determined under this section for the taxable year is an amount equal to the qualified accounts receivables of such distributor which become uncollectible during such taxable year.

“(b) Eligible Wholesale Distributor.—For purposes of this section, the term ‘eligible wholesale distributor’ means any person engaged in the trade or business of selling inventory to food and beverage establishments.

“(c) Qualified Accounts Receivable.—For purposes of this section—

“(1) In General.—The term ‘qualified accounts receivable’ means any accounts receivable which was accrued pursuant to normal payment terms by an eligible wholesale distributor for the sale
of inventory delivered on or before March 25, 2020, to a qualified food and beverage establishment.

“(2) NORMAL PAYMENT TERMS.—An amount shall be treated as accrued pursuant to normal payment terms if it is accrued under the applicable payment terms in effect on March 25, 2020, under an agreement established prior to that date between the eligible wholesale distributor and the qualified food and beverage establishment.

“(3) PRESCRIPTION OF UNCOLLECTABILITY.—For purposes of this section, a qualified accounts receivable shall be treated as becoming uncollectible during the taxable year of the eligible wholesale distributor which includes July 15, 2020, if—

“(A) the qualified food and beverage establishment to which such qualified accounts receivable relates does not provide on-premises consumption pursuant to an order or recommendation of an applicable Federal, State, or municipal authority for at least 30 days during the period beginning on March 25, 2020, and ending on July 15, 2020, and

“(B) such qualified accounts receivable is not paid before the close of such taxable year.
“(d) Qualified Food and Beverage Establishment.—For purposes of this section—

“(1) Qualified Food and Beverage Establishment.—The term ‘qualified food and beverage establishment’ means a food and beverage establishment within the United States that ceases to provide on-premises consumption of food and beverage on or after March 25, 2020, pursuant to an order or recommendation of an applicable Federal, State, or municipal authority.

“(2) Food and Beverage Establishment.—
The term ‘food and beverage establishment’ means a commercial establishment engaged in the trade or business of preparing food and beverage for consumption on-premises or off-premises.

“(e) Inventory.—For purposes of this section, the term ‘inventory’ means property described in section 1221(a)(1) in the hands of the food and beverage establishments to which sold by the eligible wholesale distributor.

“(f) Coordination With Deduction For Bad Debts.—Any amount allowed as a credit under this section shall not allowable as a deduction under section 166.”.
(b) CONFORMING AMENDMENTS.—Section 38(b) of the Internal Revenue Code of 1986 is amended by striking “plus” at the end of paragraph (32), by striking the period at the end of paragraph (33) and inserting “, plus”, and by adding after paragraph (33) the following new paragraph:

“(34) in the case of an eligible wholesale distributor (as defined in section 45U(b)), the wholesale distributor uncollectible accounts credit determined under section 45U(a).”.

c) EFFECTIVE DATE.—The amendments made by this sections shall apply to taxable years ending after March 25, 2020.