

119TH CONGRESS
1ST SESSION

H. R. 652

To amend the Internal Revenue Code of 1986 to allow the deduction under section 199A to apply to qualified BDC interest dividends in the same manner as qualified REIT dividends.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 23, 2025

Mr. ARRINGTON introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to allow the deduction under section 199A to apply to qualified BDC interest dividends in the same manner as qualified REIT dividends.

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 “Small Business Inves-
5 tor Tax Parity Act of 2025”.

1 **SEC. 2. DEDUCTION FOR QUALIFIED BUSINESS INCOME TO**
2 **APPLY TO CERTAIN INTEREST DIVIDENDS OF**
3 **QUALIFIED BUSINESS DEVELOPMENT COM-**
4 **PANIES.**

5 (a) **IN GENERAL.**—Subsections (b)(1)(B) and (c)(1)
6 of section 199A of the Internal Revenue Code of 1986 are
7 each amended by inserting “, qualified BDC interest divi-
8 dends,” after “qualified REIT dividends”.

9 (b) **QUALIFIED BDC INTEREST DIVIDEND DE-**
10 **FINED.**—Section 199A(e) of the Internal Revenue Code
11 of 1986 is amended by adding at the end the following
12 new paragraph:

13 “(5) **QUALIFIED BDC INTEREST DIVIDEND.**—

14 “(A) **IN GENERAL.**—The term ‘qualified
15 BDC interest dividend’ means any dividend
16 from an electing business development company
17 received during the taxable year which is attrib-
18 utable to net interest income of such company
19 which is properly allocable to a qualified trade
20 or business of such company.

21 “(B) **ELECTING BUSINESS DEVELOPMENT**
22 **COMPANY.**—For purposes of this paragraph, the
23 term ‘electing business development company’
24 means a business development company (as de-
25 fined in section 2(a) of the Investment Com-
26 pany Act of 1940) which has an election in ef-

1 fect under section 851 to be treated as a regu-
2 lated investment company.”.

3 (c) EFFECTIVE DATE.—The amendments made by
4 this section shall apply to taxable years beginning after
5 December 31, 2026.

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