

111<sup>TH</sup> CONGRESS  
1<sup>ST</sup> SESSION

# H. R. 2519

To amend the Internal Revenue Code of 1986 to allow the deduction of attorney-advanced expenses and court costs in contingency fee cases.

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IN THE HOUSE OF REPRESENTATIVES

MAY 20, 2009

Mr. DAVIS of Alabama (for himself and Mr. KING of New York) introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to allow the deduction of attorney-advanced expenses and court costs in contingency fee cases.

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. UNIFORM TREATMENT OF ATTORNEY-AD-**  
4 **VANCED EXPENSES AND COURT COSTS IN**  
5 **CONTINGENCY FEE CASES.**

6 (a) IN GENERAL.—Section 162 of the Internal Rev-  
7 enue Code of 1986 (relating to trade or business expenses)  
8 is amended by redesignating subsection (q) as subsection  
9 (r) and by inserting after subsection (p) the following new  
10 subsection:

1           “(q) ATTORNEY-ADVANCED EXPENSES AND COURT  
2 COSTS IN CONTINGENCY FEE CASES.—In the case of any  
3 expense or court cost which is paid or incurred in the  
4 course of the trade or business of practicing law and the  
5 repayment of which is contingent on a recovery by judg-  
6 ment or settlement in the action to which such expense  
7 or cost relates, the deduction under subsection (a) shall  
8 be determined as if such expense or cost was not subject  
9 to repayment.”.

10           (b) EFFECTIVE DATE.—The amendment made by  
11 this section shall apply to expenses and costs paid or in-  
12 curred in taxable years beginning after the date of the en-  
13 actment of this Act.

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