

**AMENDMENT TO THE SENATE AMENDMENT TO
H.R. 5376
OFFERED BY MR. ARRINGTON OF TEXAS**

At the end of part 1 of subtitle A of title I, add the following:

1 **SEC. 1010___ ALLOWANCE OF CERTAIN DEDUCTIONS IN**
2 **DETERMINING APPLICABLE FINANCIAL**
3 **STATEMENT INCOME.**

4 (a) IN GENERAL.—Section 56A(c), as added by sec-
5 tion 10101, is amended by redesignating paragraph (15)
6 as paragraph (16) and by inserting after paragraph (14)
7 the following new paragraph:

8 “(15) ADJUSTMENT FOR THE PRODUCTION OF
9 OIL, COAL, AND NATURAL GAS AND FOR MINING.—

10 “(A) IN GENERAL.—Adjusted financial
11 statement income shall be—

12 “(i) appropriately adjusted to dis-
13 regard any amount of qualified expense
14 that is taken into account on the tax-
15 payer’s applicable financial statement, and

16 “(ii) reduced by the amount of quali-
17 fied expenses which are deductible under
18 this chapter to the extent allowed as a de-

1 duction in computing taxable income for
2 the taxable year.

3 “(B) QUALIFIED EXPENSES.—For pur-
4 poses of this paragraph, the term ‘qualified ex-
5 penses’ means—

6 “ (i) any intangible drilling and devel-
7 opment costs (within the meaning of sec-
8 tion 263(c)),

9 “ (ii) geological and geophysical ex-
10 penditures (within the meaning of section
11 167(h)),

12 “ (iii) qualified tertiary injectant ex-
13 penses (as defined in section 193(b)),

14 “ (iv) expenses to which section 616
15 and 617 apply, and

16 “ (v) amounts allowable as a depletion
17 deduction under section 611.”.

