

1 (b) EFFECTIVE DATE.—The amendment made by  
2 this section shall apply to taxable years beginning after  
3 December 31, 2021.

4 **SEC. 138518. EXPENSES IN CONTINGENCY FEE CASES.**

5 (a) IN GENERAL.—Section 162 is amended by redes-  
6 ignating subsection (s) as subsection (t) and by inserting  
7 after subsection (r) the following new subsection:

8 “(s) EXPENSES IN CONTINGENCY FEE CASES.—In  
9 the case of any amount paid or incurred in the ordinary  
10 course of the trade or business of practicing law the repay-  
11 ment of which is contingent on a recovery by judgment  
12 or settlement in the action to which such amount relates—

13 “(1) the deduction under subsection (a) shall be  
14 determined by disregarding the possibility that such  
15 amount will be repaid, and

16 “(2) income attributable to any related recovery  
17 shall not be reduced by such amount.”.

18 (b) EFFECTIVE DATE.—The amendments made by  
19 this section shall apply to amounts paid, incurred, or re-  
20 ceived in taxable years beginning after the date of the en-  
21 actment of this Act.

22 **SEC. 138519. INCREASE IN RESEARCH CREDIT AGAINST**  
23 **PAYROLL TAX FOR SMALL BUSINESSES.**

24 (a) IN GENERAL.—Clause (i) of section 41(h)(4)(B)  
25 is amended—