

AMENDMENT NO. _____ Calendar No. _____

Purpose: To amend the Internal Revenue Code of 1986 to increase the tax on high income individuals.

IN THE SENATE OF THE UNITED STATES—110th Cong., 2d Sess.

H. R. 3997

To amend the Internal Revenue Code of 1986 to provide earnings assistance and tax relief to members of the uniformed services, volunteer firefighters, and Peace Corps volunteers, and for other purposes.

Referred to the Committee on _____ and
ordered to be printed

Ordered to lie on the table and to be printed

AMENDMENT intended to be proposed by

Viz:

1 At the end add the following:

2 **SEC. 304. SURTAX ON HIGH INCOME EARNERS.**

3 (a) IN GENERAL.—Part I of subchapter A of chapter

4 1 of the Internal Revenue Code of 1986 is amended by

5 inserting after section 1 the following new section:

1 **“SEC. 1A. INCREASE IN TAX ON HIGH INCOME INDIVID-**
2 **UALS.**

3 “(a) GENERAL RULE.—In the case of a taxpayer
4 other than a corporation, there is hereby imposed (in addi-
5 tion to any other tax imposed by this subtitle) a tax equal
6 to 10 percent of so much of modified adjusted gross in-
7 come as exceeds \$500,000 (\$1,000,000 in the case of a
8 joint return or a surviving spouse (as defined in section
9 2(a)).

10 “(b) MODIFIED ADJUSTED GROSS INCOME.—For
11 purposes of this section, the term ‘modified adjusted gross
12 income’ means adjusted gross income reduced by any de-
13 duction allowed for investment interest (as defined in sec-
14 tion 163(d)). In the case of an estate or trust, a rule simi-
15 lar to the rule of section 67(e) shall apply for purposes
16 of determining adjusted gross income for purposes of this
17 section.

18 “(c) NONRESIDENT ALIEN.—In the case of a non-
19 resident alien individual, only amounts taken into account
20 in connection with the tax imposed by section 871(b) shall
21 be taken into account under this section.

22 “(d) MARITAL STATUS.—For purposes of this sec-
23 tion, marital status shall be determined under section
24 7703.

25 “(e) NOT TREATED AS TAX IMPOSED BY THIS CHAP-
26 TER FOR CERTAIN PURPOSES.—The tax imposed under

1 this section shall not be treated as tax imposed by this
2 chapter for purposes of determining the amount of any
3 credit under this chapter or for purposes of section 55.

4 “(f) TERMINATION.—This section shall not apply to
5 taxable years beginning after the date which is 5 years
6 after the date of the enactment of this section.”.

7 (b) CLERICAL AMENDMENT.—The table of sections
8 for part I of subchapter A of chapter 1 of the Internal
9 Revenue Code of 1986 is amended by inserting after the
10 item relating to section 1 the following new item:

“Sec. 1A. Increase in tax on high income individuals.”.

11 (c) EFFECTIVE DATE.—The amendments made by
12 this section shall apply to taxable years beginning after
13 the date of the enactment of this Act.

14 (d) SECTION 15 NOT TO APPLY.—The amendment
15 made by subsection (a) shall not be treated as a change
16 in a rate of tax for purposes of section 15 of the Internal
17 Revenue Code of 1986.