

112TH CONGRESS
1ST SESSION

H. R. 170

To amend the Internal Revenue Code of 1986 to exclude from gross income certain interest amounts received by individuals.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 5, 2011

Mr. STEARNS 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 exclude from gross income certain interest amounts received by individuals.

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 “Simple Savings Tax
5 Relief Act of 2011”.

6 **SEC. 2. EXEMPTION OF CERTAIN INTEREST INCOME FROM**
7 **TAX.**

8 (a) IN GENERAL.—Part III of subchapter B of chap-
9 ter 1 of the Internal Revenue Code of 1986 (relating to
10 amounts specifically excluded from gross income) is

1 amended by inserting after section 115 the following new
2 section:

3 **“SEC. 116. PARTIAL EXCLUSION OF INTEREST RECEIVED BY**
4 **INDIVIDUALS.**

5 “(a) EXCLUSION FROM GROSS INCOME.—Gross in-
6 come does not include interest otherwise includible in
7 gross income which is received during the taxable year by
8 an individual.

9 “(b) LIMITATIONS.—

10 “(1) MAXIMUM AMOUNT.—The aggregate
11 amount excluded under subsection (a) for any tax-
12 able year shall not exceed—

13 “(A) in the case of any taxable year begin-
14 ning in 2011, \$200 (\$400 in the case of a joint
15 return), and

16 “(B) in the case of any taxable year begin-
17 ning after 2011, \$400 (twice such amount in
18 the case of a joint return).

19 “(2) INFLATION ADJUSTMENT.—In the case of
20 any taxable year beginning after 2012, the \$400
21 amount contained in paragraph (1)(B) shall be in-
22 creased by an amount equal to—

23 “(A) such dollar amount, multiplied by

24 “(B) the cost-of-living adjustment deter-
25 mined under section 1(f)(3) for such calendar

1 year by substituting ‘calendar year 2011’ for
2 ‘calendar year 1992’ in subparagraph (B)
3 thereof.

4 If any increase under the preceding sentence is
5 not a multiple of \$10, such increase shall be
6 rounded to the nearest multiple of \$10.

7 “(c) INTEREST.—For purposes of this section, the
8 term ‘interest’ means—

9 “(1) interest on deposits with a bank (as de-
10 fined in section 581),

11 “(2) amounts (whether or not designated as in-
12 terest) paid in respect of deposits, investment certifi-
13 cates, or withdrawable or repurchasable shares, by—

14 “(A) a mutual savings bank, cooperative
15 bank, domestic building and loan association,
16 industrial loan association or bank, or credit
17 union, or

18 “(B) any other savings or thrift institution
19 which is chartered and supervised under Fed-
20 eral or State law,

21 the deposits or accounts in which are insured under
22 Federal or State law or which are protected and
23 guaranteed under State law.

24 “(d) CERTAIN NONRESIDENT ALIENS INELIGIBLE
25 FOR EXCLUSION.—For purposes of this section, in the

1 case of a nonresident alien individual, subsection (a) shall
2 apply only in determining the taxes imposed for the tax-
3 able year pursuant to sections 871(b)(1) and 877(b).”.

4 (b) CONFORMING AMENDMENTS.—

5 (1) Subparagraph (A) of section 32(i)(2) of
6 such Code is amended by inserting “(determined
7 without regard to section 116)” before the comma.

8 (2) Subparagraph (B) of section 86(b)(2) of
9 such Code is amended to read as follows:

10 “(B) increased by the sum of—

11 “(i) the amount of interest received or
12 accrued by the taxpayer during the taxable
13 year which is exempt from tax, and

14 “(ii) the amount of interest received
15 during the taxable year which is excluded
16 from gross income under section 116.”.

17 (3) Subsection (d) of section 135 of such Code
18 is amended by redesignating paragraph (4) as para-
19 graph (5) and by inserting after paragraph (3) the
20 following new paragraph:

21 “(4) COORDINATION WITH SECTION 116.—This
22 section shall be applied before section 116.”.

23 (4) Paragraph (2) of section 265(a) of such
24 Code is amended by inserting before the period “, or
25 to purchase or carry obligations or shares, or to

1 make deposits, to the extent the interest thereon is
2 excludable from gross income under section 116”.

3 (5) Subsection (c) of section 584 of such Code
4 is amended by adding at the end the following new
5 flush sentence:

6 “The proportionate share of each participant in the
7 amount of interest received by the common trust fund and
8 to which section 116 applies shall be considered for pur-
9 poses of such section as having been received by such par-
10 ticipant.”.

11 (6) Subsection (a) of section 643 of such Code
12 is amended by redesignating paragraph (7) as para-
13 graph (8) and by inserting after paragraph (6) the
14 following new paragraph:

15 “(7) INTEREST.—There shall be included the
16 amount of any interest excluded from gross income
17 pursuant to section 116.”.

18 (7) The table of sections for part III of sub-
19 chapter B of chapter 1 of such Code is amended by
20 inserting after the item relating to section 115 the
21 following new item:

“Sec. 116. Partial exclusion of dividends and interest received by individuals.”.

22 (c) EFFECTIVE DATE.—The amendments made by
23 this section shall apply to taxable years beginning after
24 December 31, 2010.