

112TH CONGRESS
1ST SESSION

H. R. 2710

To amend the Internal Revenue Code of 1986 to repeal certain tax cuts
extended for high income individuals.

IN THE HOUSE OF REPRESENTATIVES

JULY 29, 2011

Mr. TONKO 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 repeal
certain tax cuts extended for high income 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 “Fair and Impartial
5 Reform Tax Act of 2011”.

6 **SEC. 2. REPEAL OF CERTAIN TAX CUTS EXTENDED FOR**
7 **HIGH INCOME INDIVIDUALS.**

8 (a) **INDIVIDUAL INCOME TAX RATES.**—Subsection (i)
9 of section 1 of the Internal Revenue Code of 1986 is
10 amended by striking paragraph (2), by redesignating

1 paragraph (3) as paragraph (4), and by inserting after
2 paragraph (1) the following new paragraphs:

3 “(2) 25- AND 28-PERCENT RATE BRACKETS.—

4 The tables under subsections (a), (b), (c), (d), and
5 (e) shall be applied—

6 “(A) by substituting ‘25%’ for ‘28%’ each
7 place it appears (before the application of sub-
8 paragraph (B)), and

9 “(B) by substituting ‘28%’ for ‘31%’ each
10 place it appears.

11 “(3) 33-PERCENT RATE BRACKET.—

12 “(A) IN GENERAL.—In the case of taxable
13 years beginning after December 31, 2011—

14 “(i) the rate of tax under subsections
15 (a), (b), (c), and (d) on a taxpayer’s tax-
16 able income in the fourth rate bracket shall
17 be 33 percent to the extent such income
18 does not exceed an amount equal to the ex-
19 cess of—

20 “(I) the applicable amount, over

21 “(II) the dollar amount at which
22 such bracket begins, and

23 “(ii) the 36-percent rate of tax under
24 such subsections shall apply only to the
25 taxpayer’s taxable income in such bracket

1 in excess of the amount to which clause (i)
2 applies.

3 “(B) APPLICABLE AMOUNT.—For purposes
4 of this paragraph, the term ‘applicable amount’
5 means the excess of—

6 “(i) the applicable threshold, over

7 “(ii) the sum of the following amounts
8 in effect for the taxable year:

9 “(I) the basic standard deduction
10 (within the meaning of section
11 63(c)(2)), and

12 “(II) the exemption amount
13 (within the meaning of section
14 151(d)(1)) (or, in the case of sub-
15 section (a), 2 such exemption
16 amounts).

17 “(C) APPLICABLE THRESHOLD.—For pur-
18 poses of this paragraph, the term ‘applicable
19 threshold’ means—

20 “(i) \$500,000 in the case of sub-
21 section (a),

22 “(ii) \$400,000 in the case of sub-
23 sections (b) and (c), and

24 “(iii) $\frac{1}{2}$ the amount applicable under
25 clause (i) (after adjustment, if any, under

1 subparagraph (E)) in the case of sub-
2 section (d).

3 “(D) FOURTH RATE BRACKET.—For pur-
4 poses of this paragraph, the term ‘fourth rate
5 bracket’ means the bracket which would (deter-
6 mined without regard to this paragraph) be the
7 36-percent rate bracket.

8 “(E) INFLATION ADJUSTMENT.—For pur-
9 poses of this paragraph, a rule similar to the
10 rule of paragraph (1)(C) shall apply with re-
11 spect to taxable years beginning in calendar
12 years after 2011, applied by substituting ‘2009’
13 for ‘1992’ in subsection (f)(3)(B).”.

14 (b) PHASEOUT OF PERSONAL EXEMPTIONS AND
15 ITEMIZED DEDUCTIONS.—

16 (1) OVERALL LIMITATION ON ITEMIZED DEDUC-
17 TIONS.—Section 68 of such Code is amended—

18 (A) by striking “the applicable amount”
19 the first place it appears in subsection (a) and
20 inserting “the applicable threshold in effect
21 under section 1(i)(3)”,

22 (B) by striking “the applicable amount” in
23 subsection (a)(1) and inserting “such applicable
24 threshold”,

1 (C) by striking subsection (b) and redesignating
2 subsections (c), (d), and (e) as subsections
3 (b), (c), and (d), respectively, and

4 (D) by striking subsections (f) and (g).

5 (2) PHASEOUT OF DEDUCTIONS FOR PERSONAL
6 EXEMPTIONS.—

7 (A) IN GENERAL.—Paragraph (3) of section
8 151(d) of such Code is amended—

9 (i) by striking “the threshold amount”
10 in subparagraphs (A) and (B) and inserting
11 “the applicable threshold in effect
12 under section 1(i)(3)”,

13 (ii) by striking subparagraph (C) and
14 redesignating subparagraph (D) as sub-
15 paragraph (C), and

16 (iii) by striking subparagraphs (E)
17 and (F).

18 (B) CONFORMING AMENDMENT.—Para-
19 graph (4) of section 151(d) of such Code is
20 amended—

21 (i) by striking subparagraph (B),

22 (ii) by redesignating clauses (i) and
23 (ii) of subparagraph (A) as subparagraphs
24 (A) and (B), respectively, and by indenting

1 such subparagraphs (as so redesignated)
2 accordingly, and

3 (iii) by striking all that precedes “in
4 a calendar year after 1989,” and inserting
5 the following:

6 “(4) INFLATION ADJUSTMENT.—In the case of
7 any taxable year beginning”.

8 (c) REDUCED RATE ON CAPITAL GAINS AND DIVI-
9 DENDS.—

10 (1) IN GENERAL.—Paragraph (1) of section
11 (1)(h) of such Code is amended by striking subpara-
12 graph (C), by redesignating subparagraphs (D) and
13 (E) as subparagraphs (E) and (F) and by inserting
14 after subparagraph (B) the following new subpara-
15 graphs:

16 “(C) 15 percent of the lesser of—

17 “(i) so much of the adjusted net cap-
18 ital gain (or, if less, taxable income) as ex-
19 ceeds the amount on which a tax is deter-
20 mined under subparagraph (B), or

21 “(ii) the excess (if any) of—

22 “(I) the amount of taxable in-
23 come which would (without regard to
24 this subsection) be taxed at a rate
25 below 36 percent, over

1 “(II) the sum of the amounts on
2 which tax is determined under sub-
3 paragraphs (A) and (B),

4 “(D) 20 percent of the adjusted net capital
5 gain (or, if less, taxable income) in excess of the
6 sum of the amounts on which tax is determined
7 under subparagraphs (B) and (C),”.

8 (2) DIVIDENDS.—Subparagraph (A) of section
9 1(h)(11) of such Code is amended by striking
10 “qualified dividend income” and inserting “so much
11 of the qualified dividend income as does not exceed
12 the excess (if any) of—

13 “(i) the amount of taxable income
14 which would (without regard to this sub-
15 section) be taxed at a rate below 36 per-
16 cent, over

17 “(ii) taxable income reduced by quali-
18 fied dividend income.”.

19 (3) MINIMUM TAX.—Section 55 of such Code is
20 amended by adding at the end the following new
21 subsection:

22 “(f) APPLICATION OF MAXIMUM RATE OF TAX ON
23 NET CAPITAL GAIN OF NONCORPORATE TAXPAYERS.—In
24 the case of taxable years beginning after December 31,

1 2011, the amount determined under subparagraph (C) of
2 subsection (b)(3) shall be the sum of—

3 “(1) 15 percent of the lesser of—

4 “(A) so much of the adjusted net capital
5 gain (or, if less, taxable excess) as exceeds the
6 amount on which tax is determined under sub-
7 paragraph (B) of subsection (b)(3), or

8 “(B) the excess described in section
9 1(h)(1)(C)(ii), plus

10 “(2) 20 percent of the adjusted net capital gain
11 (or, if less, taxable excess) in excess of the sum of
12 the amounts on which tax is determined under sub-
13 section (b)(3)(B) and paragraph (1).”.

14 (4) CONFORMING AMENDMENTS.—

15 (A) The following provisions are amended
16 by striking “15 percent” and inserting “20 per-
17 cent”:

18 (i) Section 1445(e)(1) of such Code.

19 (ii) The second sentence of section
20 7518(g)(6)(A) of such Code.

21 (iii) Section 53511(f)(2) of title 46,
22 United States Code.

23 (B) Sections 531 and 541 of the Internal
24 Revenue Code of 1986 are each amended by
25 striking “15 percent of” and inserting “the

1 product of the highest rate of tax under section
2 1(e) and”.

3 (C) Section 1445(e)(6) of such Code is
4 amended by striking “15 percent (20 percent in
5 the case of taxable years beginning after De-
6 cember 31, 2011)” and inserting “20 percent”.

7 (d) APPLICATION OF EGTRRA SUNSET.—Section
8 901 of the Economic Growth and Tax Relief Reconcili-
9 ation Act of 2001 shall apply to the amendments made
10 by this section.

11 (e) EFFECTIVE DATES.—

12 (1) IN GENERAL.—Except as provided in para-
13 graph (2), the amendments made by this section
14 shall apply to taxable years beginning after Decem-
15 ber 31, 2011.

16 (2) WITHHOLDING.—The amendments made by
17 subparagraphs (A)(i) and (C) of subsection (e)(4)
18 shall apply to amounts paid on or after January 1,
19 2012.

○