

112TH CONGRESS
1ST SESSION

H. R. 3746

To provide a temporary employee payroll tax cut for 2012.

IN THE HOUSE OF REPRESENTATIVES

DECEMBER 20, 2011

Mr. LOEBSACK introduced the following bill; which was referred to the
Committee on Ways and Means

A BILL

To provide a temporary employee payroll tax cut for 2012.

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 “Tax Cuts for the Mid-
5 dle Class Act”.

6 **SEC. 2. TEMPORARY EMPLOYEE PAYROLL TAX CUT.**

7 (a) IN GENERAL.—Notwithstanding any other provi-
8 sion of law—

9 (1) with respect to any taxable year which be-
10 gins in the payroll tax holiday period, the rate of tax
11 under section 1401(a) of the Internal Revenue Code
12 of 1986 shall be 10.4 percent, and

1 (2) with respect to remuneration received dur-
2 ing the payroll tax holiday period, the rate of tax
3 under 3101(a) of such Code shall be 4.2 percent (in-
4 cluding for purposes of determining the applicable
5 percentage under sections 3201(a) and 3211(a)(1)
6 of such Code).

7 (b) COORDINATION WITH DEDUCTIONS FOR EM-
8 PLOYMENT TAXES.—

9 (1) DEDUCTION IN COMPUTING NET EARNINGS
10 FROM SELF-EMPLOYMENT.—For purposes of apply-
11 ing section 1402(a)(12) of the Internal Revenue
12 Code of 1986, the rate of tax imposed by subsection
13 1401(a) of such Code shall be determined without
14 regard to the reduction in such rate under this sec-
15 tion.

16 (2) INDIVIDUAL DEDUCTION.—In the case of
17 the taxes imposed by section 1401 of such Code for
18 any taxable year which begins in the payroll tax holi-
19 day period, the deduction under section 164(f) with
20 respect to such taxes shall be equal to the sum of—

21 (A) 59.6 percent of the portion of such
22 taxes attributable to the tax imposed by section
23 1401(a) (determined after the application of
24 this section), plus

1 (B) one-half of the portion of such taxes
2 attributable to the tax imposed by section
3 1401(b).

4 (c) PAYROLL TAX HOLIDAY PERIOD.—The term
5 “payroll tax holiday period” means calendar year 2012.

6 (d) EMPLOYER NOTIFICATION.—The Secretary of
7 the Treasury shall notify employers of the payroll tax holi-
8 day period in any manner the Secretary deems appro-
9 priate.

10 (e) TRANSFERS OF FUNDS.—

11 (1) TRANSFERS TO FEDERAL OLD-AGE AND
12 SURVIVORS INSURANCE TRUST FUND.—There are
13 hereby appropriated to the Federal Old-Age and
14 Survivors Trust Fund and the Federal Disability In-
15 surance Trust Fund established under section 201
16 of the Social Security Act (42 U.S.C. 401) amounts
17 equal to the reduction in revenues to the Treasury
18 by reason of the application of subsection (a).
19 Amounts appropriated by the preceding sentence
20 shall be transferred from the general fund at such
21 times and in such manner as to replicate to the ex-
22 tent possible the transfers which would have oc-
23 curred to such Trust Fund had such amendments
24 not been enacted.

1 (2) TRANSFERS TO SOCIAL SECURITY EQUIVA-
2 LENT BENEFIT ACCOUNT.—There are hereby appro-
3 priated to the Social Security Equivalent Benefit Ac-
4 count established under section 15A(a) of the Rail-
5 road Retirement Act of 1974 (45 U.S.C. 231n–1(a))
6 amounts equal to the reduction in revenues to the
7 Treasury by reason of the application of subsection
8 (a)(2). Amounts appropriated by the preceding sen-
9 tence shall be transferred from the general fund at
10 such times and in such manner as to replicate to the
11 extent possible the transfers which would have oc-
12 curred to such Account had such amendments not
13 been enacted.

14 (3) COORDINATION WITH OTHER FEDERAL
15 LAWS.—For purposes of applying any provision of
16 Federal law other than the provisions of the Internal
17 Revenue Code of 1986, the rate of tax in effect
18 under section 3101(a) of such Code shall be deter-
19 mined without regard to the reduction in such rate
20 under this section.

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