

113TH CONGRESS
2D SESSION

S. _____

To amend the Internal Revenue Code of 1986 to provide for a progressive consumption tax and to reform the income tax, and for other purposes.

IN THE SENATE OF THE UNITED STATES

Mr. CARDIN introduced the following bill; which was read twice and referred to the Committee on _____

A BILL

To amend the Internal Revenue Code of 1986 to provide for a progressive consumption tax and to reform the income tax, and for other purposes.

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, ETC.**

4 (a) IN GENERAL.—This Act may be cited as the
5 “Progressive Consumption Tax Act of 2014”.

6 (b) REFERENCE.—Except as otherwise expressly pro-
7 vided, whenever in this Act an amendment or repeal is
8 expressed in terms of an amendment to, or repeal of, a
9 section or other provision, the reference shall be consid-

1 ered to be made to a section or other provision of the In-
 2 ternal Revenue Code of 1986.

3 (c) TABLE OF CONTENTS.—The table of contents of
 4 this Act is as follows:

Sec. 1. Short title, etc.

TITLE I—PROGRESSIVE CONSUMPTION TAX

Sec. 101. Imposition of progressive consumption tax.

TITLE II—INDIVIDUAL AND CORPORATE TAX REFORM

Subtitle A—Individual Income Tax Reforms

Sec. 201. Individual income tax rate reductions.

Sec. 202. Family allowance amounts.

Sec. 203. Repeal of limitations relating to itemized deductions.

Sec. 204. Termination of separate treatment of capital gains.

Sec. 205. Repeals.

Sec. 206. Establishment of progressive tax rebate.

Sec. 207. Technical and conforming amendments.

Subtitle B—Corporate Tax Reforms

Sec. 211. Corporate income tax rate reduction.

TITLE III—REFUND OF EXCESS CONSUMPTION TAX REVENUE

Sec. 301. Refunds of excess consumption tax revenue.

5 **TITLE I—PROGRESSIVE**
 6 **CONSUMPTION TAX**

7 **SEC. 101. IMPOSITION OF PROGRESSIVE CONSUMPTION**
 8 **TAX.**

9 (a) IN GENERAL.—Subtitle D is amended by insert-
 10 ing before chapter 31 the following new chapter:

11 **“CHAPTER 30—PROGRESSIVE**
 12 **CONSUMPTION TAX**

“SUBCHAPTER A. IMPOSITION OF TAX

“SUBCHAPTER B. TAXABLE SUPPLY

“SUBCHAPTER C. CREDIT AGAINST TAX

“SUBCHAPTER D. ADMINISTRATION

“SUBCHAPTER E. DEFINITIONS AND SPECIAL RULES

1 **“Subchapter A—Imposition of Tax**

“Sec. 3901. Imposition of tax.

“Sec. 3902. Taxable amount.

2 **“SEC. 3901. IMPOSITION OF TAX.**

3 “(a) GENERAL RULE.—A tax is hereby imposed on
4 every taxable supply.

5 “(b) AMOUNT OF TAX.—

6 “(1) IN GENERAL.—Except as provided in para-
7 graph (2), the amount of the tax shall be 10 percent
8 of the taxable amount.

9 “(2) SPECIAL RATE FOR EXPORTS.—The
10 amount of the tax shall be zero with respect to the
11 provision of any supply which is—

12 “(A) a supply of tangible personal property
13 that is exported from the United States within
14 90 days after the provider gives an invoice for
15 the supply, or

16 “(B) a supply, other than a supply of tan-
17 gible personal property—

18 “(i) which is provided to a recipient
19 that is not in the United States when the
20 supply is performed or otherwise done, and

21 “(ii) the use of which takes place out-
22 side of the United States.

1 **“SEC. 3902. TAXABLE AMOUNT.**

2 “(a) AMOUNT CHARGED CUSTOMER.—For purposes
3 of this chapter, the taxable amount for any taxable supply
4 for which money is the only consideration shall be the
5 price charged by the provider—

6 “(1) including all invoiced charges for transpor-
7 tation, and other items payable to the provider with
8 respect to the supply, but

9 “(2) excluding the tax imposed by section 3901
10 with respect to the supply and excluding any State
11 and local sales and use taxes with respect to the
12 supply.

13 “(b) BARTER TRANSACTIONS.—For purposes of this
14 chapter, the taxable amount for any taxable supply which
15 includes consideration other than money shall be the fair
16 market value of the consideration (including all invoiced
17 charges for transportation and other items payable to the
18 provider) plus the amount of any money paid in consider-
19 ation.

20 “(c) IMPORTS.—For purposes of this chapter, the
21 taxable amount in the case of any import shall be—

22 “(1) the customs value plus customs duties and
23 any other duties which may be imposed, or

24 “(2) if there is no such customs value, the fair
25 market value (determined as if the importer had sold
26 the supply).

1 For purposes of this subsection, the customs value of any
2 import shall include all invoiced charges for transportation
3 and other items payable to the importer with respect to
4 the supply.

5 “(d) SPECIAL RULE IN THE CASE OF SALES OF CER-
6 TAIN USED CONSUMER GOODS.—For purposes of this
7 chapter, if—

8 “(1) a person acquires any tangible personal
9 property in a transaction which was not taxable
10 under this chapter, and

11 “(2) such property had been used by an ulti-
12 mate consumer before such acquisition,

13 the taxable amount in the case of any sale of such property
14 by such person (determined without regard to this sub-
15 section) shall be reduced by the amount paid for such
16 property by such person.

17 **“Subchapter B—Taxable Supply**

“Sec. 3911. Taxable supply.

“Sec. 3912. Supplies made in connection with the United States.

“Sec. 3913. Exempt supply.

18 **“SEC. 3911. TAXABLE SUPPLY.**

19 “(a) IN GENERAL.—For purposes of this chapter, the
20 term ‘taxable supply’ means—

21 “(1) the importation of property into the
22 United States, and

23 “(2) any supply (other than an exempt sup-
24 ply)—

1 “(A) which is provided—

2 “(i) in the course of carrying on a
3 trade or business,

4 “(ii) in the case of an organization ex-
5 empt from tax under section 501(a), in
6 furtherance of the activities related to the
7 purpose or function constituting the basis
8 of its exemption under section 501, or

9 “(iii) in the case of a State, an Indian
10 tribal government, a possession of the
11 United States, or any political subdivision
12 of any of the foregoing, or the United
13 States or the District of Columbia, in car-
14 rying out any activity that is not an essen-
15 tial governmental function,

16 “(B) for which consideration is provided in
17 return, and

18 “(C) which is made in connection with the
19 United States.

20 “(b) SUPPLY.—For purposes of this chapter—

21 “(1) IN GENERAL.—The term ‘supply’ means
22 any supply whatsoever, including—

23 “(A) the sale or provision (including
24 through renting, leasing, or licensing) of prop-
25 erty,

- 1 “(B) the performance of services,
2 “(C) the grant, assignment, or surrender
3 of real property,
4 “(D) the creation, grant, transfer, assign-
5 ment, or surrender of any right,
6 “(E) financial supplies, and
7 “(F) an entry into, or release from, an ob-
8 ligation or agreement to perform or refrain
9 from performing an act.

10 “(2) SPECIAL RULE FOR SERVICES FOR EM-
11 PLOYER.—An employee’s services for the employee’s
12 employer shall not be treated as a supply.

13 **“SEC. 3912. SUPPLIES MADE IN CONNECTION WITH THE**
14 **UNITED STATES.**

15 “(a) TANGIBLE PROPERTY.—For purposes of this
16 chapter—

17 “(1) IN GENERAL.—The supply of tangible
18 property is made in connection with the United
19 States if—

20 “(A) the property is delivered or made
21 available to the recipient in the United States,
22 or

23 “(B) the property is assembled in or re-
24 moved from any location in the United States.

1 “(2) REAL PROPERTY.—The supply of real
2 property is made in connection with the United
3 States if the real property is located in the United
4 States.

5 “(b) SERVICES, INTANGIBLE PROPERTY, AND OTHER
6 SUPPLIES.—For purposes of this chapter, the supply of
7 anything other than tangible property or real property is
8 made in connection with the United States if—

9 “(1) the supply is used, performed, or otherwise
10 done in the United States, or

11 “(2) the supply is provided through a trade or
12 business in the United States.

13 **“SEC. 3913. EXEMPT SUPPLY.**

14 “(a) IN GENERAL.—An exempt supply shall not be
15 subject to tax under this chapter.

16 “(b) EXEMPT SUPPLY.—For purposes of this chap-
17 ter—

18 “(1) IN GENERAL.—The term ‘exempt supply’
19 means—

20 “(A) the rental or leasing of residential
21 real property,

22 “(B) any sale of qualified residential real
23 property,

24 “(C) any financial supply, and

1 “(D) any taxable supply (or category of
2 such supplies) treated as an exempt supply
3 under section 3932(b).

4 “(2) QUALIFIED RESIDENTIAL REAL PROP-
5 ERTY.—For purposes of paragraph (1), the term
6 ‘qualified residential real property’ means residential
7 real property—

8 “(A) which—

9 “(i) has previously been sold as resi-
10 dential real property, or

11 “(ii) has been continuously rented for
12 5 years or more, and

13 “(B) to which substantial renovations have
14 not been made after the date of the enactment
15 of this chapter.

16 **“Subchapter C—Credit Against Tax**

“Sec. 3916. Credit against tax.

17 **“SEC. 3916. CREDIT AGAINST TAX.**

18 “(a) GENERAL RULE.—There shall be allowed as a
19 credit against the aggregate amount of tax imposed by
20 section 3901 with respect to all taxable supplies made by
21 the taxpayer during the taxable period an amount equal
22 to the aggregate amount of tax imposed by section 3901
23 on creditable acquisitions of the taxpayer during such tax-
24 able period.

1 “(b) CREDITABLE ACQUISITIONS.—For purposes of
2 this chapter, the term ‘creditable acquisition’ means the
3 acquisition or receipt of any supply—

4 “(1) which was subject to tax under section
5 3901 at the time it was provided to the taxpayer,

6 “(2) which was used by the taxpayer—

7 “(A) in the course of carrying on a trade
8 or business,

9 “(B) in the case of a taxpayer exempt
10 from tax under section 501(a), in furtherance
11 of the activities related to the purpose or func-
12 tion constituting the basis of the exemption
13 under section 501, or

14 “(C) in the case of a State, an Indian trib-
15 al government, a possession of the United
16 States, or any political subdivision of any of the
17 foregoing, or the United States or the District
18 of Columbia, in carrying out any activity that
19 is not an essential governmental function, and

20 “(3) which was not used by the taxpayer to
21 make an exempt supply.

22 “(c) EXEMPT SUPPLIES, ETC.—If supplies are used
23 partly for a use described in subsection (b)(2) and partly
24 for another use, the credit shall be allowable only with re-

1 spect to the supplies used as described in subsection
2 (b)(2).

3 “(d) EXCESS CREDIT TREATED AS OVERPAY-
4 MENT.—

5 “(1) IN GENERAL.—If for any taxable period
6 the amount of the credit allowable by subsection (a)
7 exceeds the aggregate amount of the tax imposed by
8 section 3901 for such period, such excess shall be
9 treated as an overpayment of the tax imposed by
10 section 3901.

11 “(2) TIME WHEN OVERPAYMENT ARISES.—Any
12 overpayment under paragraph (1) for any taxable
13 period shall be treated as arising on the later of—

14 “(A) the due date for the return for such
15 period, or

16 “(B) the date on which the return is filed.

17 **“Subchapter D—Administration**

“Sec. 3921. Provider liable for tax.

“Sec. 3922. Tax invoices.

“Sec. 3923. Time for filing return and claiming credit; deposits of tax.

“Sec. 3924. Treatment of related businesses, etc.

“Sec. 3925. Reports.

“Sec. 3926. Regulations.

18 **“SEC. 3921. PROVIDER LIABLE FOR TAX.**

19 “(a) IN GENERAL.—Except as provided in subsection
20 (b), the person providing the supply shall be liable for the
21 tax imposed by section 3901.

1 “(b) SPECIAL RULE FOR IMPORTS.—The person re-
2 ceiving the supply shall be liable for the tax imposed under
3 section 3901—

4 “(1) in the case of any taxable supply described
5 in section 3911(a)(1), and

6 “(2) in the case of any taxable supply which is
7 not a supply of tangible property and which is—

8 “(A) performed or otherwise done outside
9 the United States,

10 “(B) used in the United States, and

11 “(C) acquired for use—

12 “(i) in carrying on a trade or business
13 in the United States,

14 “(ii) by an organization exempt from
15 tax under section 501(a), in furtherance of
16 activities related to the purpose or function
17 constituting the basis of its exemption
18 under section 501, or

19 “(iii) by a State, an Indian tribal gov-
20 ernment, a possession of the United
21 States, or any political subdivision of any
22 of the foregoing, or the United States or
23 the District of Columbia, in carrying out
24 any activity that is not an essential govern-
25 mental function.

1 **“SEC. 3922. TAX INVOICES.**

2 “(a) IN GENERAL.—

3 “(1) SUPPLIES MADE IN CONNECTION WITH
4 THE UNITED STATES.—Except as otherwise provided
5 in this subsection, any person providing a taxable
6 supply shall give the recipient a tax invoice with re-
7 spect to such supply.

8 “(2) CERTAIN SERVICES PERFORMED OUTSIDE
9 THE UNITED STATES.—In the case of any taxable
10 supply described in section 3921(b)(2), paragraph
11 (1) shall not apply and the person receiving the tax-
12 able supply shall generate a tax invoice with respect
13 to such supply.

14 “(3) IMPORTS.—In the case of any taxable sup-
15 ply described in section 3911(a), the Secretary, in
16 consultation with the Commissioner of Customs and
17 Border Protection, shall promulgate regulations gov-
18 erning the provision of tax invoices.

19 “(b) CONTENT OF INVOICE.—The tax invoice re-
20 quired by subsection (a) with respect to any supply shall
21 set forth—

22 “(1) the name and, in the case of an invoice
23 under subsection (a)(1), identification number of the
24 provider,

25 “(2) the name of the recipient,

26 “(3) the date of the taxable supply,

1 “(4) the taxable amount with respect to the
2 taxable supply,

3 “(5) the amount of the tax imposed by section
4 3901, and

5 “(6) such other information as may be pre-
6 scribed by regulations.

7 “(c) NO CREDIT WITHOUT INVOICE.—

8 “(1) IN GENERAL.—Except as provided in para-
9 graphs (2) or (3), a taxpayer may claim a credit
10 with respect to a creditable acquisition only if the
11 taxpayer—

12 “(A) has in the taxpayer’s possession a tax
13 invoice which meets the requirements of this
14 section, and

15 “(B) is named as the recipient of the sup-
16 ply in such invoice.

17 “(2) EMPLOYEES OR OTHER AGENTS NAMED IN
18 INVOICES.—To the extent provided in regulations,
19 the naming of an employee or other agent of the re-
20 cipient of the supply shall be treated as the naming
21 of the recipient.

22 “(3) WAIVER OF INVOICE REQUIREMENT IN
23 CERTAIN CASES.—To the extent provided in regula-
24 tions, paragraph (1) shall not apply—

1 “(A) where the taxpayer can demonstrate
2 that the failure to receive or to have in the tax-
3 payer’s possession a tax invoice was without
4 fault on the taxpayer’s part, or

5 “(B) to a taxable supply (or category of
6 supplies) where—

7 “(i) the amount involved is de mini-
8 mis, or

9 “(ii) the information required by sub-
10 section (b) can be reliably established by
11 sampling or by another method and can be
12 adequately documented.

13 “(d) **TIME FOR FURNISHING INVOICE.**—Any invoice
14 required to be furnished by subsection (a) with respect to
15 any supply shall be furnished not later than 15 business
16 days after the tax point for such supply.

17 **“SEC. 3923. TIME FOR FILING RETURN AND CLAIMING**
18 **CREDIT; DEPOSITS OF TAX.**

19 “(a) **FILING RETURN.**—Before the last day of the
20 fourth week (third week, in the case of any taxpayer to
21 which subsection (c)(2) applies) after the close of each tax-
22 able period, each person liable for tax under this chapter
23 shall file a return of the tax imposed by section 3901 on
24 taxable supplies having a tax point within such taxable
25 period.

1 “(b) CREDIT ALLOWED FOR TAXABLE PERIOD IN
2 WHICH RECIPIENT RECEIVES INVOICE.—

3 “(1) IN GENERAL.—Except as provided in para-
4 graph (2), a credit allowable by section 3916 with
5 respect to a supply may be allowed only for the first
6 taxable period by the close of which the taxpayer—

7 “(A) has paid or accrued amounts properly
8 allocable to the tax imposed by section 3901
9 with respect to such supply, and

10 “(B) has a tax invoice (or equivalent) with
11 respect to such supply.

12 “(2) USE FOR LATER PERIOD.—Under regula-
13 tions, a credit allowable by section 3916 may be al-
14 lowed for a period after the period set forth in para-
15 graph (1).

16 “(c) TAXABLE PERIOD.—For purposes of this chap-
17 ter—

18 “(1) IN GENERAL.—Except as provided in para-
19 graph (2), the term ‘taxable period’ means a cal-
20 endar quarter.

21 “(2) MONTHLY PERIOD FOR CERTAIN TAX-
22 PAYERS.—

23 “(A) IN GENERAL.—In the case of a tax-
24 payer who makes taxable supplies for any

1 month in excess of \$20,000,000, the term ‘tax-
2 able period’ means a calendar month.

3 “(B) ELECTION OF 1-MONTH PERIOD.—If
4 the taxpayer so elects, the term ‘taxable period’
5 means a calendar month.

6 “(d) TAX POINT.—For purposes of this chapter—

7 “(1) CHAPTER 1 RULES WITH RESPECT TO
8 PROVIDER GOVERN.—Except as provided in para-
9 graph (2), the tax point for any supply is the earlier
10 of—

11 “(A) the time (or times) when any income
12 from the provision of the supply should be
13 treated by the provider as received or accrued
14 (or any loss should be taken into account by the
15 seller) for purposes of chapter 1, or

16 “(B) the time (or times) when the provider
17 receives payment for the sale.

18 “(2) IMPORTS.—In the case of the importing of
19 property, the tax point is when the property is en-
20 tered, or withdrawn from warehouse, for consump-
21 tion in the United States.

22 “(e) MONTHLY DEPOSITS REQUIRED.—To the extent
23 provided in regulations, monthly deposits may be required
24 of the estimated liability for any taxable period for the
25 tax imposed by section 3901.

1 **“SEC. 3924. TREATMENT OF RELATED BUSINESSES, ETC.**

2 “For purposes of this chapter, to the extent provided
3 in regulations, the taxpayer may elect—

4 “(1) to treat as 1 person 2 or more businesses
5 which may be treated under section 52(b) as 1 em-
6 ployer, and

7 “(2) to treat as separate persons separate divi-
8 sions of the same business.

9 **“SEC. 3925. REPORTS.**

10 “The Secretary shall submit to Congress semi-annual
11 reports on the implementation and administration of this
12 chapter, including the amount of revenue collected from
13 the tax imposed under this chapter and estimates of the
14 revenue to be collected from such tax for future period.

15 **“SEC. 3926. REGULATIONS.**

16 “The Secretary shall prescribe such regulations as
17 may be necessary to carry out the purposes of this chap-
18 ter.

19 **“Subchapter E—Definitions and Special**
20 **Rules**

“Sec. 3931. Definitions.

“Sec. 3932. Special rules.

21 **“SEC. 3931. DEFINITIONS.**

22 “For purposes of this chapter—

23 “(1) **BUSINESS.**—The term ‘business’ in-
24 cludes—

1 “(A) a trade, and

2 “(B) an activity regularly carried on for
3 profit.

4 “(2) BUSINESS DAY.—The term ‘business day’
5 means any day other than Saturday and Sunday and
6 other than a legal holiday (within the meaning of
7 section 7503).

8 “(3) EMPLOYEE.—The term ‘employee’ has the
9 meaning such term has for purposes of chapter 24.

10 “(4) FINANCIAL SUPPLIES.—The term ‘finan-
11 cial supplies’ means the provision, acquisition, or
12 disposal of any of the following: a bank account, a
13 debit or credit arrangement, a mortgage, a super-
14 annuation fund, an annuity, insurance, a financial
15 guarantee, an indemnity, currency, securities, or de-
16 rivatives.

17 “(5) PERSON.—The term ‘person’ includes any
18 governmental entity.

19 “(6) PROVIDE; PROVIDER.—The term ‘provide’,
20 when used in reference to taxable supplies (other
21 than in section 3911(a)(2)), includes the importation
22 of property and the term ‘provider’ includes the im-
23 porter of property.

24 “(7) UNITED STATES.—The term ‘United
25 States’, when used in a geographical sense, includes

1 a Commonwealth and any possession of the United
2 States.

3 **“SEC. 3932. SPECIAL RULES.**

4 “(a) COORDINATION WITH SUBTITLE A.—For pur-
5 poses of subtitle A—

6 “(1) TREATMENT OF CREDIT.—Any credit al-
7 lowable to a taxpayer under section 3916 which is
8 attributable to any supply shall be treated as a re-
9 duction in the amount paid or incurred by the tax-
10 payer for such supply.

11 “(2) AMOUNT OF DEDUCTION FOR TAX.—The
12 amount allowable as a deduction for the tax imposed
13 by section 3901 shall be determined without regard
14 to any credit allowable under section 3916.

15 “(3) COMPUTATION OF PERCENTAGE DEPLE-
16 TION.—For purposes of sections 613 and 613A—

17 “(A) gross income shall be reduced by the
18 amount of the tax imposed by section 3901,
19 and

20 “(B) taxable income shall be determined
21 without regard to any deduction allowed for
22 such tax.

23 “(b) AUTHORITY TO ZERO RATE DE MINIMIS SUP-
24 PLIES, ETC.—The Secretary may prescribe regulations

1 treating as an exempt supply any taxable supply (or cat-
2 egory of such supplies) where—

3 “(1) the amount involved is de minimis, or

4 “(2) the revenue raised by taxing the supply is
5 not sufficient to justify the administrative and other
6 costs involved in the payment and collection of the
7 tax.”.

8 (b) CLERICAL AMENDMENT.—The table of chapters
9 for subtitle D is amended by inserting before the item re-
10 lating to chapter 31 the following:

“CHAPTER 30. PROGRESSIVE CONSUMPTION TAX”.

11 (c) EFFECTIVE DATE.—The amendments made by
12 this section shall apply to supplies provided after Decem-
13 ber 31, 2015.

14 **TITLE II—INDIVIDUAL AND**
15 **CORPORATE TAX REFORM**
16 **Subtitle A—Individual Income Tax**
17 **Reforms**

18 **SEC. 201. INDIVIDUAL INCOME TAX RATE REDUCTIONS.**

19 (a) IN GENERAL.—

20 (1) MARRIED INDIVIDUALS FILING JOINT RE-
21 TURNS AND SURVIVING SPOUSES.—Subsection (a) of
22 section 1 is amended by striking the table and in-
23 serting the following:

“If taxable income is:	The tax is:
Not over \$100,000	15 percent of taxable income.

“If taxable income is:	The tax is:
Over \$100,000 but not over \$500,000.	\$15,000, plus 25 percent of the excess over \$100,000.
Over \$500,000	\$115,000, plus 28 percent of the excess over \$500,000.”.

1 (2) HEADS OF HOUSEHOLDS.—Subsection (b)
2 of section 1 is amended by striking the table and in-
3 serting the following:

“If taxable income is:	The tax is:
Not over \$50,000	15 percent of taxable income.
Over \$50,000 but not over \$250,000.	\$7,500, plus 25 percent of the excess over \$50,000.
Over \$250,000	\$57,500, plus 28 percent of the excess over \$250,000.”.

4 (3) UNMARRIED INDIVIDUALS (OTHER THAN
5 SURVIVING SPOUSES AND HEADS OF HOUSE-
6 HOLDS).—Subsection (c) of section 1 is amended by
7 striking the table and inserting the following:

“If taxable income is:	The tax is:
Not over \$50,000	15 percent of taxable income.
Over \$50,000 but not over \$250,000.	\$7,500, plus 25 percent of the excess over \$250,000.
Over \$250,000	\$57,500, plus 28 percent of the excess over \$250,000.”.

8 (4) MARRIED INDIVIDUALS FILING SEPARATE
9 RETURNS.—Subsection (d) of section 1 is amended
10 by striking the table and inserting the following:

“If taxable income is:	The tax is:
Not over \$50,000	15 percent of taxable income.
Over \$50,000 but not over \$250,000.	\$7,500, plus 25 percent of the excess over \$250,000.
Over \$250,000	\$57,500, plus 28 percent of the excess over \$250,000.”.

11 (b) CONFORMING AMENDMENTS RELATING TO COST-
12 OF-LIVING ADJUSTMENT.—

1 (1) IN GENERAL.—Paragraph (3) of section
2 1(f) is amended by inserting “, except as provided
3 in paragraph (7),” after “for any calendar year”.

4 (2) UPDATED COST-OF-LIVING ADJUSTMENT
5 FOR NEW RATES.—Section 1(f) is amended by strik-
6 ing paragraphs (7) and (8) and inserting the fol-
7 lowing:

8 “(7) COST-OF-LIVING ADJUSTMENT FOR YEARS
9 AFTER 2015.—

10 “(A) CALENDAR YEAR 2016.—In pre-
11 scribing the tables under paragraph (1) which
12 apply in lieu of the tables contained in sub-
13 sections (a), (b), (c), and (d) with respect to
14 taxable years beginning in calendar year 2016,
15 the Secretary shall make no adjustment to the
16 dollar amounts in any such table.

17 “(B) LATER CALENDAR YEARS.—In pre-
18 scribing tables under paragraph (1) which apply
19 in lieu of the tables contained in subsections
20 (a), (b), (c), and (d) with respect to taxable
21 years beginning after December 31, 2016, the
22 cost-of-living adjustment used in making ad-
23 justments to the dollar amounts in such tables
24 shall be determined under paragraph (3) by
25 substituting ‘2015’ for ‘1992’.”.

1 (3) CONFORMING AMENDMENTS.—

2 (A) Paragraph (2) of section 1(f) is
3 amended—

4 (i) by striking “paragraph (8)” in
5 subparagraph (A) and inserting “para-
6 graph (7)(A)”, and

7 (ii) by striking “by adjusting” in sub-
8 paragraph (C) and inserting “except as
9 provided in paragraph (7)(A), by adjust-
10 ing”.

11 (B) The heading of subsection (f) of sec-
12 tion 1 is amended by striking “PHASEOUT OF
13 MARRIAGE PENALTY IN 15-PERCENT BRACKET;
14 ADJUSTMENTS” and inserting “ADJUST-
15 MENTS”.

16 (c) CONFORMING AMENDMENT RELATING TO
17 RATES.—Section 1 is amended by striking subsection (i).

18 (d) EFFECTIVE DATE.—The amendments made by
19 this section shall apply to taxable years beginning after
20 December 31, 2015.

21 **SEC. 202. FAMILY ALLOWANCE AMOUNTS.**

22 (a) IN GENERAL.—Section 63 is amended to read as
23 follows:

1 **“SEC. 63. TAXABLE INCOME DEFINED.**

2 “(a) IN GENERAL.—For purposes of this subtitle, the
3 term ‘taxable income’ means adjusted gross income
4 minus—

5 “(1) the deductions allowed by this chapter
6 (other than those taken into account in determining
7 adjusted gross income), and

8 “(2) the family allowance amount.

9 “(b) FAMILY ALLOWANCE.—For purposes of this
10 subtitle—

11 “(1) IN GENERAL.—The family allowance
12 amount with respect to a taxpayer shall be deter-
13 mined in accordance with the following table:

“If the taxpayer is:	The family allowance amount is:
Single or married filing separately	\$50,000
Married filing jointly or a surviving spouse	\$100,000
A head of a household	\$75,000.

14 “(2) DEFINITIONS.—For purposes of this sub-
15 section—

16 “(A) the term ‘single or married filing sep-
17 arately’ means a taxpayer to whom subsection
18 (c) or (d) of section 1 applies,

19 “(B) the term ‘married filing jointly or a
20 surviving spouse’ means a taxpayer to whom
21 subsection (a) of section 1 applies, and

1 “(C) the term ‘head of a household’ means
2 a taxpayer to whom subsection (b) of section 1
3 applies.

4 “(3) ADJUSTMENT FOR INFLATION.—In the
5 case of any taxable year beginning after 2016, each
6 of the dollar amounts in the table under paragraph
7 (1) shall be increased by an amount equal to—

8 “(A) such dollar amount, multiplied by

9 “(B) the cost-of-living adjustment deter-
10 mined under section 1(f)(3) for the calendar
11 year in which the taxable year begins, by sub-
12 stituting ‘calendar year 2015’ for ‘calendar year
13 1992’ in subparagraph (B) thereof.

14 “(c) CROSS REFERENCES.—

15 “(1) For deductions of estates and trusts in
16 lieu of the family allowance amount, see section
17 642(b).

18 “(2) For calculation of family allowance relat-
19 ing to nonresident aliens, see section 873(b)(3).

20 “(3) For determination of marital status, see
21 section 7703.”.

22 (b) TERMINATION OF PERSONAL EXEMPTIONS.—

23 (1) IN GENERAL.—Subsection (a) of section
24 151 is amended by inserting “, for a taxable year

1 beginning before January 1, 2016” after “In the
2 case of an individual”.

3 (2) IDENTIFYING INFORMATION REQUIRED TO
4 TREAT INDIVIDUAL AS DEPENDENT.—Section 152 is
5 amended by adding at the end the following new
6 subsection:

7 “(g) IDENTIFYING INFORMATION REQUIRED.—No
8 individual shall be treated as a dependent of the taxpayer
9 under this section for a taxable year unless the taxpayer
10 includes the TIN of such individual on the return of tax
11 for the taxable year.”.

12 (3) CONFORMING AMENDMENTS.—

13 (A) Section 2(a)(1)(B)(ii) is amended by
14 striking “of a dependent” and all that follows
15 and inserting “of a dependent (as defined in
16 section 152) who (within the meaning of section
17 152, determined without regard to subsections
18 (b)(1), (b)(2), and (d)(1)(B) thereof) is a son,
19 stepson, daughter, or stepdaughter of the tax-
20 payer.”.

21 (B) Section 2(b)(1)(A)(ii) is amended by
22 striking “if the taxpayer is entitled to a deduc-
23 tion for the taxable year for such person under
24 section 151” and inserting “within the meaning
25 of section 152”.

1 (C) Section 2(b)(1)(B) is amended by
2 striking “if the taxpayer is entitled to a deduc-
3 tion for the taxable year for such father or
4 mother under section 151” and inserting “if
5 such father or mother is a dependent of the
6 taxpayer for the taxable year, within the mean-
7 ing of section 152”.

8 (D) Section 36B(b)(3)(B) is amended—

9 (i) by striking “who is not allowed a
10 deduction under section 151 for the tax-
11 able year with respect to a dependent” in
12 clause (ii)(I)(aa) and inserting “with re-
13 spect to whom no dependents are taken
14 into account under section 152 for pur-
15 poses of any provision of this title for the
16 taxable year”, and

17 (ii) by striking “unless a deduction is
18 allowed under section 151 for the taxable
19 year with respect to a dependent other
20 than either spouse” and inserting “unless
21 a dependent other than either spouse is
22 taken into account under section 152 for
23 purposes of any provision of this title for
24 the taxable year”.

1 (E) Section 36B(c)(1)(D) is amended by
2 striking “with respect to whom a deduction
3 under section 151 is allowable to another tax-
4 payer” and inserting “who is taken into ac-
5 count as a dependent by another taxpayer
6 under section 152 for purposes of any provision
7 of this title”.

8 (F) Section 36B(d)(1) is amended by
9 striking “for whom the taxpayer is allowed a
10 deduction under section 151 (relating to allow-
11 ance of deduction for personal exemptions)”
12 and inserting “who is a dependent of the tax-
13 payer under section 152”.

14 (G) Section 36B(e)(1) is amended by strik-
15 ing “for whom a taxpayer is allowed a deduc-
16 tion under section 151 (relating to allowance of
17 deduction for personal exemptions)” and insert-
18 ing “who is a dependent of the taxpayer under
19 section 152”.

20 (H) Section 152(d)(1)(B) is amended by
21 striking “the exemption amount (as defined in
22 section 151(d))” and inserting “the family al-
23 lowance amount applicable to taxpayers who are
24 single or married filing separately under section
25 63(b)”

1 (I) Section 152(f)(6)(B)(i) is amended by
2 striking “the deduction under section 151(c)”
3 and inserting “the family allowance amount
4 under section 63(b)”.

5 (J) Part V of subchapter B of chapter 1
6 is amended by striking section 153.

7 (K) The table of sections for part V of
8 subchapter B of chapter 1 is amended by strik-
9 ing the item relating to section 153.

10 (L) Section 172(d)(3) is amended to read
11 as follows:

12 “(3) FAMILY ALLOWANCE AMOUNT.—Taxable
13 income under section 63 shall be determined without
14 regard to paragraph (2) of section 63(a), relating to
15 the family allowance amount. No deduction in lieu of
16 the exclusion of such family allowance amount shall
17 be allowed.”.

18 (M) Section 220(b)(6) is amended by strik-
19 ing “with respect to whom a deduction under
20 section 151 is allowable to another taxpayer”
21 and inserting “who is taken into account as a
22 dependent by another taxpayer under section
23 152 for purposes of any provision of this title”.

24 (N) Section 223(b)(6) is amended by strik-
25 ing “with respect to whom a deduction under

1 section 151 is allowable to another taxpayer”
2 and inserting “who is taken into account as a
3 dependent by another taxpayer under section
4 152 for purposes of any provision of this title”.

5 (O) Section 443(c) is amended by striking
6 “the exemptions allowed as a deduction under
7 section 151 (and any deduction in lieu thereof)
8 shall be reduced to amounts which bear the
9 same ratio to the full exemptions” and inserting
10 “the family allowance amount under section 63
11 (and any deduction in lieu thereof) shall be re-
12 duced to an amount which bears the same ratio
13 to the full family allowance amount”.

14 (P) Section 642(b)(2)(C)(i) is amended—

15 (i) by striking “151(d)” and inserting
16 “151(d) (as in effect for taxable years be-
17 ginning before January 1, 2016)”, and

18 (ii) by striking “151(d)(3)(C)(iii)” in
19 subclause (I) and inserting
20 “151(d)(3)(C)(iii) (as so in effect)”.

21 (Q) Section 642(b)(3) is amended by strik-
22 ing “the deductions allowed under section 151
23 (relating to deduction for personal exemption)”
24 and inserting “the family allowance amount
25 under section 63”.

1 (R) Section 703(a) is amended—

2 (i) by striking “and” at the end of
3 paragraph (1),

4 (ii) by striking subparagraph (A) of
5 paragraph (2) and by redesignating sub-
6 paragraphs (B), (C), (D), (E), and (F) of
7 such paragraph as subparagraphs (A), (B),
8 (C), (D), and (E),

9 (iii) by striking the period at the end
10 of paragraph (2)(F) and inserting “, and”,
11 and

12 (iv) by adding at the end the following
13 new paragraph:

14 “(3) taxable income under section 63 shall be
15 determined without regard to paragraph (2) of sec-
16 tion 63(a), relating to the family allowance
17 amount.”.

18 (S) Section 773(b) is amended—

19 (i) by striking subparagraph (A) of
20 paragraph (1) and by redesignating sub-
21 paragraphs (B) and (C) of such paragraph
22 as subparagraphs (A) and (B), and

23 (ii) by adding at the end the following
24 new paragraph:

1 “(4) FAMILY ALLOWANCE AMOUNT.—Taxable
2 income under section 63 shall be determined without
3 regard to paragraph (2) of section 63(a), relating to
4 the family allowance amount.”.

5 (T) Section 873(b) is amended—

6 (i) by striking “deductions” in the
7 matter preceding paragraph (1), and

8 (ii) by striking paragraph (3) and in-
9 serting the following:

10 “(3) FAMILY ALLOWANCE AMOUNT.—The ex-
11 clusion of the family allowance amount under section
12 63(a)(2), except that the taxpayer shall be treated
13 for purposes of section 63(b) as single or married
14 filing separately unless the taxpayer is a resident of
15 a contiguous country or is a national of the United
16 States.”.

17 (U) The heading of section 873 is amend-
18 ed by striking “**DEDUCTIONS**” and inserting
19 “**DEDUCTIONS AND ALLOWANCES**”.

20 (V) The item relating to section 873 in the
21 table of sections for subpart A of part II of
22 subchapter N of chapter 1 is amended to read
23 as follows:

“Sec. 873. Deductions and allowances.”.

24 (W) Section 874(b) is amended by striking
25 “deduction for exemptions under section 151”

1 and inserting “exclusion of the family allowance
2 amount under section 63(a)(2)”.

3 (X) Section 891 is amended by striking
4 “deductions allowable under section 151 and
5 under” and inserting “exclusion of the family
6 allowance amount under section 63(a)(2) and
7 the deductions allowable under”.

8 (Y) Section 904(b)(1) is amended to read
9 as follows:

10 “(1) FAMILY ALLOWANCE AND DEDUCTIONS.—
11 For purposes of subsection (a), the taxable income
12 in the case of an individual, estate, or trust shall be
13 computed without regard to the exclusion of the
14 family allowance amount under section 63(a)(2) or
15 any deduction in lieu of such exclusion.”.

16 (Z) Section 931(b)(1) is amended by strik-
17 ing “deductions (other than the deduction
18 under section 151, relating to personal exemp-
19 tions)” and inserting “deductions”.

20 (AA) Section 933 is amended—

21 (i) by striking “deductions (other than
22 the deduction under section 151, relating
23 to personal exemptions)” in paragraph (1)
24 and inserting “deductions”, and

1 (ii) by striking “deductions (other
2 than the deduction for personal exemptions
3 under section 151)” in paragraph (2) and
4 inserting “deductions”.

5 (BB) Section 1212(b)(2)(B)(ii) is amended
6 to read as follows:

7 “(ii) the family allowance amount for
8 the taxable year under section 63(b) or any
9 deduction allowed in lieu thereof.”.

10 (CC) Section 1402(a)(7) is amended to
11 read as follows:

12 “(7) taxable income under section 63 shall be
13 determined without regard to paragraph (2) of sec-
14 tion 63(a), relating to the family allowance
15 amount;”.

16 (DD) Section 5000A(c)(4)(A) is amended
17 by striking “for whom the taxpayer is allowed
18 a deduction under section 151 (relating to al-
19 lowance of deduction for personal exemptions)”
20 and inserting “who are taken into account as a
21 dependent by the taxpayer under section 152
22 for purposes of any provision of this title”.

23 (EE) Section 6012(a)(1) is amended to
24 read as follows:

25 “(1)(A) Every individual—

1 “(i) having for the taxable year gross in-
2 come which equals or exceeds the family allow-
3 ance amount applicable to the individual under
4 section 63, or

5 “(ii) in the case of individuals entitled to
6 make a joint return (but only if the individual
7 and the individual’s spouse had the same house-
8 hold as their home at the close of the taxable
9 year), every individual whose gross income,
10 when combined with the gross income of the in-
11 dividual’s spouse, equals or exceeds the family
12 allowance amount applicable to taxpayers who
13 are married filing jointly under section 63.

14 “(B) Every individual not described in subpara-
15 graph (A) who is taken into account as a dependent
16 by another taxpayer under section 152 for purposes
17 of any provision of this title, but only if such individ-
18 ual’s gross income, when combined with the gross in-
19 come of all individuals taken into account in deter-
20 mining the family allowance amount under section
21 63(b) of the taxpayer, equals or exceeds the family
22 allowance amount applicable to the taxpayer under
23 such section.”.

24 (F) Section 6012(a)(8) is amended by
25 striking “is not less than the sum of the exemp-

1 tion amount plus the basic standard deduction
2 under section 63(c)(2)(D)” and inserting
3 “equals or exceeds the family allowance amount
4 applicable to the estate under section
5 1398(c)(3)”.

6 (GG) Section 6013(b)(3)(A) is amended by
7 striking “has the meaning given to such term”
8 and all that follows and inserting “means the
9 family allowance amount applicable to a tax-
10 payer who is single or married filing separately
11 under section 63(b).”.

12 (HH) Section 6014(a) is amended by
13 striking “who does not itemize his deductions
14 and who is not described in section
15 6012(a)(1)(C)(i)” and inserting “who is not de-
16 scribed in section 6012(a)(1)(B)”.

17 (II) Section 6103(l)(21)(A)(iii) is amended
18 by striking “for whom a deduction is allowed
19 under section 151” and inserting “who is taken
20 into account as a dependent under section 152
21 for purposes of any provision of this title”.

22 (JJ) Section 6334(d)(2)(A) is amended to
23 read as follows:

24 “(A) the family allowance amount deter-
25 mined under section 63(b) with respect to the

1 taxpayer for the taxable year in which such levy
2 occurs, divided by”.

3 (KK) Section 7703(b)(1) is amended by
4 striking “with respect to whom such individual
5 is entitled to a deduction for the taxable year
6 under section 151 (or would be so entitled but
7 for section 152(e))” and inserting “who is a de-
8 pendent (within the meaning of section 152) of
9 the individual for the taxable year”.

10 (4) AMENDMENTS RELATING TO PAYROLL
11 WITHHOLDING.—

12 (A) IN GENERAL.—Paragraph (1) of sec-
13 tion 3402(f) is amended by striking subpara-
14 graph (A) and all that follows and inserting the
15 following:

16 “(A) an exemption equal to the family al-
17 lowance exemption amount; and

18 “(B) any allowance to which the employee
19 is entitled under subsection (m), but only if the
20 employee’s spouse does not have in effect a
21 withholding exemption certificate claiming such
22 allowance.”.

23 (B) FAMILY ALLOWANCE EXEMPTION
24 AMOUNT.—Subsection (f) of section 3402 is
25 amended—

1 (i) by redesignating paragraphs (2),
2 (3), (4), (5), (6), and (7) as paragraphs
3 (3), (4), (5), (6), (7), and (8), respectively,

4 (ii) by striking “paragraph (2)(C)” in
5 paragraph (3)(B)(iii) and inserting “para-
6 graph (3)(C)”, and

7 (iii) by inserting after paragraph (1)
8 the following new paragraph:

9 “(2) FAMILY ALLOWANCE EXEMPTION
10 AMOUNT.—For purposes of this section—

11 “(A) IN GENERAL.—Except as provided in
12 subparagraphs (B) and (C), the term ‘family al-
13 lowance exemption amount’ means the family
14 allowance amount with respect to the taxpayer
15 under section 63(b) for the taxable year in
16 which the payroll period begins, prorated to the
17 payroll period.

18 “(B) MARRIED EMPLOYEES.—If the em-
19 ployee is married filing jointly and the employ-
20 ee’s spouse is an employee receiving wages, the
21 employee and the employee’s spouse may divide
22 the family allowance amount determined under
23 section 63(b) in the proportion of their choice
24 for purposes of this paragraph, but the sum of
25 the family allowance exemption amounts

1 claimed by the employee and the employee’s
2 spouse shall not exceed such family allowance
3 amount.

4 “(C) EMPLOYEES WITH MORE THAN 1 EM-
5 PLOYER.—In the case of an employee that has
6 withholding exemption certificates in effect with
7 respect to more than 1 employer, the employee
8 may divide the family allowance amount (or the
9 employee’s share of such amount after the ap-
10 plication of subparagraph (B), if applicable) de-
11 termined under section 63(b) among employers
12 in the proportion of the employee’s choice for
13 purposes of this paragraph, but the sum of the
14 family allowance exemption amounts claimed by
15 the employee with respect to all employers shall
16 not exceed such family allowance amount (or
17 the employee’s share of such amount after the
18 application of subparagraph (B), if applica-
19 ble).”.

20 (C) CONFORMING AMENDMENTS.—

21 (i) Paragraph (2) of section 3402(a)
22 is amended by striking “the number of
23 withholding exemptions claimed” and all
24 that follows and inserting “the total

1 amount of the withholding exemptions
2 claimed.”.

3 (ii) Paragraph (3) of section 3402(f),
4 as redesignated by subparagraph (B)(i) of
5 this paragraph, is amended—

6 (I) by striking “the number of
7 withholding exemptions” and all that
8 follows in subparagraph (A) and in-
9 serting “the total amount of the with-
10 holding exemptions which the em-
11 ployee claims, which shall in no event
12 exceed the amount to which the em-
13 ployee is entitled.”,

14 (II) by striking “the number of
15 withholding exemptions” each place it
16 appears in subparagraphs (B) and (C)
17 and inserting “the total amount of the
18 withholding exemptions”,

19 (III) by striking “the number to
20 which he is entitled” each place it ap-
21 pears in subparagraph (B) and insert-
22 ing “the amount to which the em-
23 ployee is entitled”,

24 (IV) by striking “the number to
25 which the employee is entitled” in

1 subparagraph (C) and inserting “the
2 amount to which the employee is enti-
3 tled”, and

4 (V) by striking “the number to
5 which he will be, or reasonably may be
6 expected to be, so entitled” in sub-
7 paragraph (C) and inserting “the
8 amount to which the employee will be,
9 or reasonably may be expected to be,
10 so entitled”.

11 (iii) Paragraph (7) of section 3402(f),
12 as redesignated by subparagraph (B)(i) of
13 this paragraph, is amended by striking
14 “shall be entitled to only one withholding
15 exemption” and inserting “shall be treated
16 as single or married filing separately for
17 purposes of determining the family allow-
18 ance exemption amount”.

19 (iv) Paragraph (8) of section 3402(f),
20 as redesignated by subparagraph (B)(i) of
21 this paragraph, is amended by inserting “,
22 except as provided in paragraph (2)(C)”
23 after “with respect to one employer”.

24 (v) Paragraph (3) of section 3402(m)
25 is amended by striking “deductions (in-

1 including the additional standard deduction
2 under section 63(c)(3) for the aged and
3 blind)” and inserting “deductions”.

4 (vi) Paragraph (2) of section 3402(r)
5 is amended striking “the sum of” and all
6 that follows and inserting “the family al-
7 lowance amount determined under section
8 63(b) for a taxpayer who is single or mar-
9 ried filing separately.”.

10 (vii) Section 6040(4) is amended by
11 striking “section 3402(f)(2), (3), (4), and
12 (5)” and inserting “paragraphs (3), (4),
13 (5), and (6) of section 3402(f)”.

14 (c) CONFORMING AMENDMENTS.—

15 (1) Section 1(f)(6) is amended—

16 (A) by striking “63(c)(4)” each place it
17 appears and inserting “63(b)(3)”, and

18 (B) by inserting “, subsection (g)(4)(B)”
19 after “paragraph (2)(A)” in subparagraph (A).

20 (2) Section 1(g)(4) is amended—

21 (A) by striking clause (ii) of subparagraph
22 (A) and inserting the following:

23 “(ii) the sum of—

24 “(I) \$500, plus

1 “(II) the greater of the amount
2 described in subclause (I) or the
3 amount of the itemized deductions al-
4 lowed by this chapter which are di-
5 rectly connected with the production
6 of the portion of adjusted gross in-
7 come referred to in clause (i).”, and

8 (B) by redesignating subparagraphs (B)
9 and (C) as subparagraphs (C) and (D), respec-
10 tively, and inserting after subparagraph (A) the
11 following new subparagraph:

12 “(B) ADJUSTMENT FOR INFLATION.—In
13 the case of any taxable year beginning in a cal-
14 endar year after 1988, the \$500 amount in sub-
15 paragraph (A)(ii)(I) shall be increased by an
16 amount equal to—

17 “(i) such dollar amount, multiplied by

18 “(ii) the cost-of-living adjustment de-
19 termined under subsection (f)(3) for the
20 calendar year in which the taxable year be-
21 gins, by substituting ‘calendar year 1987’
22 for ‘calendar year 1992’ in subparagraph
23 (B) thereof.”.

24 (3) Section 3(a) is amended to read as follows:

1 “(a)(1) IN GENERAL.—In lieu of the tax imposed by
2 section 1, there is hereby imposed for each taxable year
3 on the taxable income of every individual whose taxable
4 income does not exceed the ceiling amount a tax deter-
5 mined under tables, applicable to such taxable year, which
6 shall be prescribed by the Secretary and which shall be
7 in such form as the Secretary determines appropriate. In
8 the table so prescribed, the amounts of the tax shall be
9 computed on the basis of the rates prescribed by section
10 1.

11 “(2) CEILING AMOUNT DEFINED.—For purposes of
12 paragraph (1), the term ‘ceiling amount’ means, with re-
13 spect to any taxpayer, the amount (not less than \$20,000)
14 determined by the Secretary for the tax rate category in
15 which such taxpayer falls.”.

16 (4) Section 861(b) is amended by striking the
17 last sentence.

18 (5) Section 862(b) is amended by striking the
19 last sentence.

20 (6) Section 1398(c) is amended—

21 (A) by striking paragraph (3) and insert-
22 ing the following:

23 “(3) FAMILY ALLOWANCE AMOUNT.—The fam-
24 ily allowance amount under section 63(b) taken into
25 account for the estate for the taxable year shall be

1 the same as for a taxpayer who is single or married
2 filing separately.”, and

3 (B) by striking “BASIC STANDARD DE-
4 DUCTION” in the heading and inserting “FAM-
5 ILY ALLOWANCE AMOUNT”.

6 (7) Section 6212(c)(2) is amended by striking
7 subparagraph (A) and by redesignating subpara-
8 graphs (B) and (C) as subparagraphs (A) and (B),
9 respectively.

10 (8) Section 6014(b)(4) is amended by striking
11 “deductions” and all that follows and inserting “de-
12 ductions.”.

13 (9) Section 6504 is amended by striking para-
14 graph (2) and by redesignating paragraphs (3), (4),
15 (5), (6), (7), (8), (9), (10), and (11) as paragraphs
16 (2), (3), (4), (5), (6), (7), (8), (9), and (10), respec-
17 tively.

18 (d) EFFECTIVE DATE.—The amendments made by
19 this section shall apply to taxable years beginning after
20 December 31, 2015.

21 **SEC. 203. REPEAL OF LIMITATIONS RELATING TO ITEMIZED**
22 **DEDUCTIONS.**

23 (a) IN GENERAL.—Sections 67 and 68 are repealed.

24 (b) CONFORMING AMENDMENTS.—

1 (1) Section 162(o) is amended by striking para-
2 graph (2) and redesignating paragraph (3) as para-
3 graph (2).

4 (2) Section 164(b)(5)(H)(ii) is amended—

5 (A) by striking the comma at the end of
6 subclause (I) and inserting “, and”,

7 (B) by striking “, and” at the end of sub-
8 clause (II) and inserting a period, and

9 (C) by striking subclause (III).

10 (3) Section 302(b)(5) is amended by inserting
11 “, as in effect on December 31, 2015” after
12 “67(c)(2)(B)”.

13 (4) Section 562(c) is amended by inserting “,
14 as in effect on December 31, 2015” after
15 “67(c)(2)(B)”.

16 (5) Section 642(b)(2)(C)(i)(II) is amended by
17 inserting “, and as in effect on December 31, 2015”
18 after “642(b)”.

19 (6) Section 772(c)(3) is amended—

20 (A) by striking subparagraph (B), and

21 (B) by striking “INCOME OR LOSS FROM
22 OTHER ACTIVITIES.—” and all that follows
23 through “For purposes of this chapter” and in-
24 serting “INCOME OR LOSS FROM OTHER ACTIVI-
25 TIES.—For purposes of this chapter”.

1 (1) Subpart A of part IV of subchapter A of
2 chapter 1 (relating to nonrefundable personal cred-
3 its).

4 (2) Subpart B of part IV of subchapter A of
5 chapter 1 (relating to other credits), other than sec-
6 tion 27 (relating to taxes of foreign countries and
7 possessions of the United States; possession tax
8 credit).

9 (3) Subpart C of part IV of subchapter A of
10 chapter 1 (relating to refundable credits), other than
11 sections 32 (relating to earned income) and 36B (re-
12 lating to refundable credit for coverage under a
13 qualified health plan).

14 (4) Part VI of subchapter A of chapter 1 (relat-
15 ing to alternative minimum tax).

16 (5) Section 217 (relating to moving expenses).

17 (6) Section 221 (relating to interest on edu-
18 cation loans).

19 (7) Section 222 (relating to qualified tuition
20 and related expenses).

21 (8) Chapter 2A (relating to unearned income
22 medicare contribution).

23 (b) **EFFECTIVE DATE.**—The repeals made by sub-
24 section (a) shall take effect for taxable years beginning
25 after December 31, 2015.

1 **SEC. 206. ESTABLISHMENT OF PROGRESSIVE TAX REBATE.**

2 (a) IN GENERAL.—Section 32 is amended to read as
3 follows:

4 **“SEC. 32. PROGRESSIVE TAX REBATE.**

5 “(a) ALLOWANCE OF CREDIT.—In the case of an eli-
6 gible taxpayer, there shall be allowed as a credit against
7 the tax imposed by this subtitle for the taxable year an
8 amount equal to the sum of—

9 “(1) the earned income amount (as determined
10 under subsection (b)),

11 “(2) the child benefit amount (as determined
12 under subsection (c)), plus

13 “(3) the additional child benefit amount (as de-
14 termined under subsection (d)).

15 “(b) EARNED INCOME AMOUNT.—

16 “(1) SINGLE WORKERS.—In the case of an eli-
17 gible taxpayer (other than a head of a household as
18 defined in section 2(b)) who is not filing a joint re-
19 turn for the taxable year under section 6013, the
20 earned income amount shall be equal to—

21 “(A) in the case of a taxpayer whose
22 earned income for the taxable year does not ex-
23 ceed \$6,100, 25.1 percent of such earned in-
24 come,

25 “(B) in the case of a taxpayer whose
26 earned income for the taxable year exceeds

1 \$6,100 but does not exceed \$9,000, \$1,530 plus
2 17.1 percent of such earned income in excess of
3 \$6,100,

4 “(C) in the case of a taxpayer whose
5 earned income (or, if greater, adjusted gross in-
6 come) for the taxable year exceeds \$9,000, but
7 does not exceed \$49,494, \$2,025 minus 5 per-
8 cent of such earned income or adjusted gross
9 income in excess of \$9,000, or

10 “(D) in the case of a taxpayer whose
11 earned income (or, if greater, adjusted gross in-
12 come) for the taxable year exceeds \$49,494, \$0.

13 “(2) HEAD OF HOUSEHOLD.—In the case of an
14 eligible taxpayer who is a head of a household (as
15 defined in section 2(b)), the earned income amount
16 shall be equal to—

17 “(A) in the case of a taxpayer whose
18 earned income for the taxable year does not ex-
19 ceed \$9,150, 25.1 percent of such earned in-
20 come,

21 “(B) in the case of a taxpayer whose
22 earned income for the taxable year exceeds
23 \$9,150 but does not exceed \$13,500, \$2,294
24 plus 17.1 percent of such earned income in ex-
25 cess of \$9,150,

1 “(C) in the case of a taxpayer whose
2 earned income (or, if greater, adjusted gross in-
3 come) for the taxable year exceeds \$13,500, but
4 does not exceed \$74,241, \$3,037 minus 5 per-
5 cent of such earned income or adjusted gross
6 income in excess of \$13,500, or

7 “(D) in the case of a taxpayer whose
8 earned income (or, if greater, adjusted gross in-
9 come) for the taxable year exceeds \$74,241, \$0.

10 “(3) MARRIED FILING JOINTLY.—In the case of
11 an eligible taxpayer filing a joint return under sec-
12 tion 6013, the earned income amount shall be deter-
13 mined pursuant to paragraph (1), except that the
14 dollar amounts in effect under such paragraph shall
15 be multiplied by 2.

16 “(c) CHILD BENEFIT AMOUNT.—

17 “(1) IN GENERAL.—In the case of an eligible
18 taxpayer with a qualifying child, the child benefit
19 amount shall be equal to 15 percent of the earned
20 income of such taxpayer for the taxable year.

21 “(2) LIMITATIONS.—

22 “(A) LIMITATION BASED ON NUMBER OF
23 CHILDREN.—The child benefit amount deter-
24 mined under paragraph (1) shall not exceed an
25 amount equal to the product of—

1 “(i) the number of qualifying children
2 of the taxpayer, multiplied by

3 “(ii) \$1,590.

4 “(B) REDUCTION BASED ON EARNINGS OR
5 ADJUSTED GROSS INCOME.—The child benefit
6 amount determined under this subsection (as
7 determined after application of subparagraph
8 (A)) shall be reduced (but not below zero) by an
9 amount equal to 5 percent of the earned income
10 (or, if greater, the adjusted gross income) of
11 the taxpayer for the taxable year in excess of
12 \$75,000 (\$110,000 in the case of a joint re-
13 turn).

14 “(d) ADDITIONAL CHILD BENEFIT AMOUNT.—

15 “(1) IN GENERAL.—In the case of an eligible
16 taxpayer with a qualifying child, the additional child
17 benefit amount shall be equal to—

18 “(A) in the case of a taxpayer whose
19 earned income for the taxable year does not ex-
20 ceed \$20,000, the applicable percentage of such
21 earned income,

22 “(B) in the case of a taxpayer whose
23 earned income exceeds \$20,000 but does not ex-
24 ceed \$25,000, the applicable percentage of
25 \$20,000,

1 “(C) in the case of a taxpayer whose
2 earned income (or, if greater, adjusted gross in-
3 come) exceeds \$25,000 but does not exceed the
4 applicable amount, an amount equal to—

5 “(i) the applicable percentage of
6 \$20,000, minus

7 “(ii) 15 percent of such earned in-
8 come or adjusted gross income in excess of
9 \$25,000, or

10 “(D) in the case of a taxpayer whose
11 earned income (or, if greater, adjusted gross in-
12 come) exceeds the applicable amount, \$0.

13 “(2) APPLICABLE PERCENTAGE.—For purposes
14 of paragraph (1), the applicable percentage is—

15 “(A) in the case of a taxpayer with 1
16 qualifying child, 11 percent,

17 “(B) in the case of a taxpayer with 2
18 qualifying children, 17 percent, and

19 “(C) in the case of a taxpayer with 3 or
20 more qualifying children, 19 percent.

21 “(3) APPLICABLE AMOUNT.—For purposes of
22 paragraph (1), the applicable amount is—

23 “(A) in the case of a taxpayer with 1
24 qualifying child, \$39,667,

1 “(B) in the case of a taxpayer with 2
2 qualifying children, \$47,667, and

3 “(C) in the case of a taxpayer with 3 or
4 more qualifying children, \$50,333.

5 “(e) ELIGIBLE TAXPAYER.—

6 “(1) IN GENERAL.—The term ‘eligible taxpayer’
7 means an individual—

8 “(A) whose principal place of abode is in
9 the United States for more than one-half of
10 such taxable year, and

11 “(B) is not a dependent (as defined under
12 section 152) to another taxpayer for any tax-
13 able year beginning in the same calendar year
14 as such taxable year.

15 “(2) QUALIFYING CHILD INELIGIBLE.—If an
16 individual is the qualifying child of a taxpayer for
17 any taxable year of such taxpayer beginning in a cal-
18 endar year, such individual shall not be treated as
19 an eligible taxpayer for any taxable year of such in-
20 dividual beginning in such calendar year.

21 “(3) EXCEPTION FOR TAXPAYER CLAIMING
22 BENEFITS UNDER SECTION 911.—The term ‘eligible
23 taxpayer’ does not include any taxpayer who claims
24 the benefits of section 911 for the taxable year.

1 “(4) LIMITATION ON ELIGIBILITY OF NON-
2 RESIDENT ALIENS.—The term ‘eligible taxpayer’
3 shall not include any individual who is a nonresident
4 alien individual for any portion of the taxable year
5 unless such individual is treated for such taxable
6 year as a resident of the United States for purposes
7 of this chapter by reason of an election under sub-
8 section (g) or (h) of section 6013.

9 “(5) IDENTIFICATION NUMBER REQUIRE-
10 MENT.—No credit shall be allowed under this section
11 to an eligible taxpayer who does not include on the
12 return of tax for the taxable year—

13 “(A) such individual’s taxpayer identifica-
14 tion number, and

15 “(B) if the individual is married (within
16 the meaning of section 7703), the taxpayer
17 identification number of such individual’s
18 spouse.

19 “(6) TAXPAYERS WHO DO NOT INCLUDE TIN,
20 ETC., OF ANY QUALIFYING CHILD.—No credit shall
21 be allowed under this section to any eligible taxpayer
22 who has one or more qualifying children if no quali-
23 fying child of such taxpayer is taken into account
24 under subsection (c) or (d) by reason of subsection
25 (f)(4).

1 “(7) TREATMENT OF MILITARY PERSONNEL
2 STATIONED OUTSIDE OF THE UNITED STATES.—For
3 purposes of paragraph (1)(A) and subsection (f)(3),
4 the principal place of abode of a member of the
5 Armed Forces of the United States shall be treated
6 as in the United States during any period during
7 which such member is stationed outside the United
8 States while serving on extended active duty with
9 the Armed Forces of the United States. For pur-
10 poses of the preceding sentence, the term ‘extended
11 active duty’ means any period of active duty pursu-
12 ant to a call or order to such duty for a period in
13 excess of 90 days or for an indefinite period.

14 “(8) JOINT RETURN.—

15 “(A) MARRIED INDIVIDUALS.—In the case
16 of an individual who is married (within the
17 meaning of section 7703), this section shall
18 apply only if a joint return is filed for the tax-
19 able year under section 6013.

20 “(B) OTHER.—In the case of taxpayer fil-
21 ing a joint return under section 6013, such tax-
22 payer shall not be treated as an eligible tax-
23 payer for purposes of this section unless either
24 the taxpayer or the taxpayer’s spouse satisfies
25 each of the requirements under this subsection.

1 “(f) QUALIFYING CHILD.—

2 “(1) IN GENERAL.—The term ‘qualifying child’
3 means a qualifying child of the taxpayer (as defined
4 in section 152(c), determined without regard to
5 paragraph (1)(D) thereof and section 152(e)).

6 “(2) MARRIED INDIVIDUAL.—The term ‘quali-
7 fying child’ shall not include an individual who is
8 married as of the close of the eligible taxpayer’s tax-
9 able year unless the individual qualifies as a depend-
10 ent (as defined under section 152) of the taxpayer
11 for such taxable year.

12 “(3) PLACE OF ABODE.—For purposes of para-
13 graph (1), the requirements of section 152(c)(1)(B)
14 shall be met only if the principal place of abode is
15 in the United States.

16 “(4) IDENTIFICATION REQUIREMENTS.—

17 “(A) IN GENERAL.—A qualifying child
18 shall not be taken into account under sub-
19 section (c) or (d) unless the taxpayer includes
20 the name, age, and TIN of the qualifying child
21 on the return of tax for the taxable year.

22 “(B) OTHER METHODS.—The Secretary
23 may prescribe other methods for providing the
24 information described in subparagraph (A).

25 “(g) EARNED INCOME.—

1 “(1) IN GENERAL.—The term ‘earned income’
2 means—

3 “(A) wages, salaries, tips, and other em-
4 ployee compensation, but only if such amounts
5 are includible in gross income for the taxable
6 year, plus

7 “(B) the amount of the taxpayer’s net
8 earnings from self-employment for the taxable
9 year (within the meaning of section 1402(a)),
10 but such net earnings shall be determined with
11 regard to the deduction allowed to the taxpayer
12 by section 164(f).

13 “(2) SPECIAL RULES.—For purposes of para-
14 graph (1)—

15 “(A) no amount received as a pension or
16 annuity shall be taken into account,

17 “(B) no amount to which section 871(a)
18 applies (relating to income of nonresident alien
19 individuals not connected with United States
20 business) shall be taken into account,

21 “(C) no amount received for services pro-
22 vided by an individual while the individual is an
23 inmate at a penal institution shall be taken into
24 account,

1 “(D) no amount described in paragraph
2 (1) received for service performed in work ac-
3 tivities as defined in paragraph (4) or (7) of
4 section 407(d) of the Social Security Act to
5 which the taxpayer is assigned under any State
6 program under part A of title IV of such Act
7 shall be taken into account, but only to the ex-
8 tent such amount is subsidized under such
9 State program, and

10 “(E) a taxpayer may elect to treat
11 amounts excluded from gross income by reason
12 of section 112 as earned income.

13 “(h) TAXABLE YEAR MUST BE FULL TAXABLE
14 YEAR.—Except in the case of a taxable year closed by rea-
15 son of the death of the eligible taxpayer, no credit shall
16 be allowable under this section in the case of a taxable
17 year covering a period of less than 12 months.

18 “(i) COORDINATION WITH CERTAIN MEANS-TESTED
19 PROGRAMS.—For purposes of—

20 “(1) the United States Housing Act of 1937,

21 “(2) title V of the Housing Act of 1949,

22 “(3) section 101 of the Housing and Urban De-
23 velopment Act of 1965,

24 “(4) sections 221(d)(3), 235, and 236 of the
25 National Housing Act, and

1 “(5) the Food and Nutrition Act of 2008,
2 any refund made to a taxpayer by reason of this section
3 shall not be treated as income (and shall not be taken into
4 account in determining resources for the month of its re-
5 ceipt and the following month).

6 “(j) AMOUNT OF CREDIT TO BE DETERMINED
7 UNDER TABLES.—The amount of the credit allowed by
8 this section shall be determined under tables prescribed
9 by the Secretary.

10 “(k) DENIAL OF CREDIT FOR INDIVIDUALS HAVING
11 EXCESSIVE INVESTMENT INCOME.—

12 “(1) IN GENERAL.—No credit shall be allowed
13 under subsection (a) for the taxable year if the ag-
14 gregate amount of disqualified income of the tax-
15 payer for the taxable year exceeds \$5,000.

16 “(2) DISQUALIFIED INCOME.—For purposes of
17 paragraph (1), the term ‘disqualified income’
18 means—

19 “(A) interest or dividends to the extent in-
20 cludible in income for the taxable year,

21 “(B) interest received or accrued during
22 the taxable year which is exempt from tax im-
23 posed by this chapter,

24 “(C) the excess (if any) of—

1 “(i) gross income from rents or royal-
2 ties not derived in the ordinary course of
3 a trade or business, over

4 “(ii) the sum of—

5 “(I) the deductions (other than
6 interest) which are clearly and directly
7 allocable to such gross income, plus

8 “(II) interest deductions properly
9 allocable to such gross income,

10 “(D) the capital gain net income (as de-
11 fined in section 1222) of the taxpayer for such
12 taxable year, and

13 “(E) the excess (if any) of—

14 “(i) the aggregate income from all
15 passive activities for the taxable year (de-
16 termined without regard to any amount in-
17 cluded in earned income under subsection
18 (f) or described in a preceding subpara-
19 graph), over

20 “(ii) the aggregate losses from all pas-
21 sive activities for the taxable year (as so
22 determined).

23 “(3) PASSIVE ACTIVITY.—For purposes of para-
24 graph (2)(E), the term ‘passive activity’ has the
25 meaning given such term by section 469.

1 “(l) INFLATION ADJUSTMENTS.—

2 “(1) IN GENERAL.—In the case of any taxable
3 year beginning after 2015, each of the dollar
4 amounts in subsections (b), (c), (d), and (j)(1) shall
5 each be increased by an amount equal to—

6 “(A) such dollar amount, multiplied by

7 “(B) the cost-of-living adjustment deter-
8 mined under section 1(f)(3) for the calendar
9 year in which the taxable year begins, deter-
10 mined by substituting ‘calendar year 2014’ for
11 ‘calendar year 1992’ in subparagraph (B)
12 thereof.

13 “(2) ROUNDING.—If any dollar amount in sub-
14 sections (b), (c), (d), and (j)(1), after being in-
15 creased under paragraph (1), is not a multiple of
16 \$100, such dollar amount shall be rounded to the
17 nearest multiple of \$100.

18 “(m) RESTRICTIONS ON TAXPAYERS WHO IMPROP-
19 ERLY CLAIMED CREDIT IN PRIOR YEAR.—

20 “(1) TAXPAYERS MAKING PRIOR FRAUDULENT
21 OR RECKLESS CLAIMS.—

22 “(A) IN GENERAL.—No credit shall be al-
23 lowed under this section for any taxable year in
24 the disallowance period.

1 “(B) DISALLOWANCE PERIOD.—For pur-
2 poses of subparagraph (A), the disallowance pe-
3 riod is—

4 “(i) the period of 10 taxable years
5 after the most recent taxable year for
6 which there was a final determination that
7 the taxpayer’s claim of credit under this
8 section was due to fraud, and

9 “(ii) the period of 2 taxable years
10 after the most recent taxable year for
11 which there was a final determination that
12 the taxpayer’s claim of credit under this
13 section was due to reckless or intentional
14 disregard of rules and regulations (but not
15 due to fraud).

16 “(2) TAXPAYERS MAKING IMPROPER PRIOR
17 CLAIMS.—In the case of a taxpayer who is denied
18 credit under this section for any taxable year as a
19 result of the deficiency procedures under subchapter
20 B of chapter 63, no credit shall be allowed under
21 this section for any subsequent taxable year unless
22 the taxpayer provides such information as the Sec-
23 retary may require to demonstrate eligibility for
24 such credit.”.

25 (b) CONFORMING AMENDMENTS.—

1 (1) Section 86(f)(2) is amended by striking
2 “section 32(c)(2)” and inserting “section 32(g)”.

3 (2) Section 129(e)(2) is amended by striking
4 “section 32(c)(2)” and inserting “section 32(g)”.

5 (3) Section 6213(g)(2) is amended—

6 (A) in subparagraph (G), by striking “sec-
7 tion 32(c)(2)(A)” and inserting “section
8 32(g)(1)”, and

9 (B) in subparagraph (K), by striking “sec-
10 tion 32(k)(2)” and inserting “section
11 32(m)(2)”.

12 (4) Paragraph (2) of section 1324(b) of title
13 31, United States Code, is amended by inserting
14 “32,” after “25A,”.

15 (5) The table of sections for subpart C of part
16 IV of subchapter A of chapter 1 of subtitle A is
17 amended by striking the item relating to section 32
18 and inserting the following:

“Sec. 32. Progressive tax rebate.”

19 (c) EFFECTIVE DATE.—The amendments made by
20 this section shall apply to taxable years beginning after
21 December 31, 2015.

22 **SEC. 207. TECHNICAL AND CONFORMING AMENDMENTS.**

23 The Secretary of the Treasury or the Secretary’s del-
24 egate shall, not later than 90 days after the date of the
25 enactment of this Act, submit to the Committee on Ways

1 and Means of the House of Representatives and the Com-
2 mittee on Finance of the Senate a draft of any technical
3 and conforming changes in the Internal Revenue Code of
4 1986 which are necessary to reflect throughout such Code
5 the purposes of the provisions of, and amendments made
6 by, this title.

7 **Subtitle B—Corporate Tax Reforms**

8 **SEC. 211. CORPORATE INCOME TAX RATE REDUCTION.**

9 (a) IN GENERAL.—Subsection (b) of section 11 is
10 amended to read as follows:

11 “(b) AMOUNT OF TAX.—The amount of the tax im-
12 posed by subsection (a) shall be an amount equal to 17
13 percent of the taxable income.”.

14 (b) CONFORMING AMENDMENT.—Section 1551 is
15 amended—

16 (1) by striking “**BENEFITS OF THE GRAD-**
17 **UATED CORPORATE RATES AND**” in the heading,

18 (2) by striking “the benefits of the rates con-
19 tained in section 11(b) which are lower than the
20 highest rate specified in such section, or” in sub-
21 section (a), and

22 (3) by striking “such benefits or credit” in sub-
23 section (a) and inserting “such credit”.

1 (c) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to taxable years beginning after
3 December 31, 2015.

4 **TITLE III—REFUND OF EXCESS**
5 **CONSUMPTION TAX REVENUE**

6 **SEC. 301. REFUNDS OF EXCESS CONSUMPTION TAX REV-**
7 **ENUE.**

8 (a) IN GENERAL.—Subchapter B of chapter 65 is
9 amended by adding at the end the following new section:
10 **“SEC. 6433. REFUNDS OF EXCESS CONSUMPTION TAX REV-**
11 **ENUE.**

12 “(a) IN GENERAL.—In the case of any qualifying ex-
13 cess consumption tax revenue year, the Secretary shall pay
14 to each eligible filer an amount equal to the consumption
15 tax refund amount.

16 “(b) QUALIFYING EXCESS CONSUMPTION TAX REV-
17 ENUE YEAR.—For purposes of this section—

18 “(1) IN GENERAL.—The term ‘qualifying excess
19 consumption tax revenue year’ means any calendar
20 year for which the net consumption tax revenues ex-
21 ceed 10 percent of gross domestic product for such
22 year.

23 “(2) NET CONSUMPTION TAX REVENUES.—The
24 net consumption tax revenues for any calendar year
25 shall be the excess of—

1 “(A) the tax imposed under section 3901
2 with respect to taxable supplies the tax point
3 for which is during such calendar year, over

4 “(B) the credits allowed under section
5 3916 for such calendar year.

6 “(3) GROSS DOMESTIC PRODUCT.—The gross
7 domestic product for any calendar year shall be the
8 last estimate of the gross domestic product for such
9 calendar year by the Department of Commerce
10 which is published before the date that is 3 months
11 after the close of such calendar year.

12 “(c) ELIGIBLE FILER.—For purposes of this sec-
13 tion—

14 “(1) DEFINITION.—

15 “(A) IN GENERAL.—The term ‘eligible
16 filer’ means, with respect to any qualifying ex-
17 cess consumption tax revenue year, any indi-
18 vidual (other than an individual described in
19 paragraph (2)) who filed a return of income tax
20 for the individual’s qualifying rebate taxable
21 year.

22 “(B) EXCLUSION.—The term ‘eligible filer’
23 shall not include—

24 “(i) any nonresident alien individual,

1 “(B) VALID IDENTIFICATION NUMBER.—
2 For purposes of subparagraph (A), the term
3 ‘valid identification number’ means a social se-
4 curity number issued to an individual by the
5 Social Security Administration. Such term shall
6 not include a TIN issued by the Internal Rev-
7 enue Service.

8 “(C) SPECIAL RULE FOR MEMBERS OF
9 THE ARMED FORCES.—Subparagraph (A) shall
10 not apply to a joint return where at least 1
11 spouse was a member of the Armed Forces of
12 the United States at any time during the tax-
13 able year.

14 “(d) CONSUMPTION TAX REFUND AMOUNT.—

15 “(1) IN GENERAL.—The consumption tax re-
16 fund amount for any eligible filer for any qualifying
17 excess consumption tax year shall be the product
18 of—

19 “(A) the applicable amount, times

20 “(B) the applicable shares of the eligible
21 filer.

22 “(2) APPLICABLE AMOUNT.—The applicable
23 amount for any qualifying excess revenue consump-
24 tion tax year is an amount equal to—

1 “(A) the excess described in subsection
2 (b)(1), divided by

3 “(B) the total number of applicable shares
4 of all eligible filers for such year.

5 “(3) APPLICABLE SHARE.—The number of ap-
6 plicable shares for any eligible filer shall be the sum
7 of—

8 “(A) 1 (2 in the case of a joint return),
9 plus

10 “(B) $\frac{1}{2}$ of the number of qualifying chil-
11 dren (as defined in section 32(f)) claimed on
12 the eligible filer’s return for the filer’s quali-
13 fying rebate taxable year.

14 “(e) TIME FOR PAYMENT.—Payments under sub-
15 section (a) shall be made as soon as practical after the
16 Secretary has determined the consumption tax refund
17 amount.”.

18 (b) CONFORMING AMENDMENTS.—

19 (1) Section 1324(b)(2) of title 31, United
20 States Code, is amended by striking “or 6431” and
21 inserting “6431, or 6433”.

22 (2) The table of sections for subchapter B of
23 chapter 65 is amended by adding at the end the fol-
24 lowing new item:

“Sec. 6433. Refunds of excess consumption tax revenue.”.

1 (c) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to calendar years beginning after
3 the date of the enactment of this Act.