

112TH CONGRESS
1ST SESSION

H. R. 1074

To amend the Internal Revenue Code of 1986 to reduce the corporate income tax rate to 10 percent and to lower the rate of tax on capital gains and dividends to 10 percent.

IN THE HOUSE OF REPRESENTATIVES

MARCH 14, 2011

Mr. TIPTON 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 reduce the corporate income tax rate to 10 percent and to lower the rate of tax on capital gains and dividends to 10 percent.

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. CORPORATE INCOME TAX RATE REDUCED TO**
4 **10 PERCENT.**

5 (a) IN GENERAL.—Paragraph (1) of section 11(b) of
6 the Internal Revenue Code of 1986 is amended by striking
7 “shall be the sum of—” and all that follows through the

1 period at the end and inserting “shall be 10 percent of
2 taxable income.”.

3 (b) PERSONAL SERVICE CORPORATIONS.—Para-
4 graph (2) of section 11(b) of such Code is amended by
5 striking “35 percent” and inserting “10 percent”.

6 (c) EFFECTIVE DATE.—The amendment made by
7 this section shall apply to taxable years beginning after
8 December 31, 2011.

9 **SEC. 2. TEN PERCENT CAPITAL GAINS RATE FOR INDIVID-**
10 **UALS AND CORPORATIONS.**

11 (a) TEN PERCENT CAPITAL GAINS RATE FOR INDI-
12 VIDUALS.—

13 (1) IN GENERAL.—Subparagraph (C) of section
14 1(h)(1) of the Internal Revenue Code of 1986 is
15 amended by striking “15 percent” and inserting “10
16 percent”.

17 (2) ALTERNATIVE MINIMUM TAX.—Subpara-
18 graph (C) of section 55(b)(3) of such Code is
19 amended by striking “15 percent” and inserting “10
20 percent”.

21 (3) REPEAL OF SUNSET OF REDUCTION IN CAP-
22 ITAL GAINS RATES FOR INDIVIDUALS.—Section 303
23 of the Jobs and Growth Tax Relief Reconciliation
24 Act of 2003 shall not apply to section 301 of such
25 Act.

1 (b) TEN PERCENT CAPITAL GAINS RATE FOR COR-
2 PORATIONS.—

3 (1) IN GENERAL.—Subsection (a) of section
4 1201 of such Code is amended by striking “35 per-
5 cent” each place it appears and inserting “10 per-
6 cent”.

7 (2) ALTERNATIVE MINIMUM TAX.—Section
8 55(b) of such Code is amended by adding at the end
9 the following new paragraph:

10 “(4) MAXIMUM RATE OF TAX ON NET CAPITAL
11 GAIN OF CORPORATIONS.—The amount determined
12 under paragraph (1)(B)(i) shall not exceed the sum
13 of—

14 “(A) the amount determined under such
15 paragraph computed at the rates and in the
16 same manner as if this paragraph had not been
17 enacted on the taxable excess reduced by the
18 net capital gain, plus

19 “(B) the amount determined under section
20 1201.”.

21 (3) TECHNICAL AMENDMENTS.—

22 (A) Section 1445(e)(1) of such Code is
23 amended by striking “35 percent (or, to the ex-
24 tent provided in regulations, 15 percent)” and
25 inserting “10 percent”.

1 (B) Section 1445(e)(2) of such Code is
2 amended by striking “35 percent” and inserting
3 “10 percent”.

4 (C) Section 7518(g)(6)(A) of such Code is
5 amended by striking “15 percent (34 percent in
6 the case of a corporation)” and inserting “10
7 percent”.

8 (D) Section 607(h)(6)(A) of the Merchant
9 Marine Act, 1936 is amended by striking “15
10 percent (34 percent in the case of a corpora-
11 tion)” and inserting “10 percent”.

12 (c) EFFECTIVE DATE.—

13 (1) IN GENERAL.—Except as provided in para-
14 graph (2), the amendments made by this section
15 shall apply to taxable years ending after the date of
16 the enactment of this Act.

17 (2) WITHHOLDING.—The amendments made by
18 subparagraphs (A) and (B) of subsection (b)(3)
19 shall take apply to dispositions and distributions
20 after the date of the enactment of this Act.

○