

114TH CONGRESS  
2D SESSION

# S. 3529

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.

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IN THE SENATE OF THE UNITED STATES

DECEMBER 8, 2016

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

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## 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 2016”.

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

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,



1           “(D) any nonparticipating small supplier  
2           supply, and

3           “(E) any taxable supply (or category of  
4           such supplies) treated as an exempt supply  
5           under section 3932(b).

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

10           “(A) which—

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

13           “(ii) has been continuously rented for  
14           5 years or more, and

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

18           “(3) NONPARTICIPATING SMALL SUPPLIER SUP-  
19           PLY.—

20           “(A) IN GENERAL.—For purposes of para-  
21           graph (1), the term ‘nonparticipating small sup-  
22           plier supply’ means any supply provided by a  
23           supplier during—

1           “(i) any taxable period during which  
2 such supplier was a nonparticipating small  
3 supplier, or

4           “(ii) the four-week period beginning  
5 on the first day after the close of the last  
6 calendar quarter in which such supplier  
7 was a nonparticipating small supplier.

8           “(B) NONPARTICIPATING SMALL SUP-  
9 PLIER.—

10           “(i) IN GENERAL.—For purposes of  
11 subparagraph (A), the term ‘nonpartici-  
12 pating small supplier’ means any person  
13 for any taxable period if—

14           “(I) such person has aggregate  
15 taxable revenues of not more than  
16 \$100,000 for the four-calendar quar-  
17 ter period ending immediately before  
18 the taxable period, and

19           “(II) has not made an election  
20 under clause (iii) for such taxable pe-  
21 riod.

22           “(ii) TAXABLE REVENUE.—For pur-  
23 poses of this paragraph, the term ‘taxable  
24 revenue’ means revenue from supplies

1           which are taxable supplies, determined  
2           without regard to paragraph (1)(D).

3           “(iii) ELECTION.—Under regulations  
4           prescribed by the Secretary, any person  
5           who meets the requirements of clause (i)(I)  
6           may make an election not to be treated as  
7           a nonparticipating small supplier for any  
8           taxable period.

9           “(C) AGGREGATION RULES.—For purposes  
10          of determining aggregate taxable revenues  
11          under subparagraph (B)(i)(I), all members of  
12          the same controlled group of corporations (with-  
13          in the meaning of section 267(f)) and all per-  
14          sons under common control (within the mean-  
15          ing of section 52(b) but determined by treating  
16          an interest of more than 50 percent as a con-  
17          trolling interest) shall be treated as 1 person.

## 18           **“Subchapter C—Credit Against Tax**

“Sec. 3916. Credit against tax.

### 19           **“SEC. 3916. CREDIT AGAINST TAX.**

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

1 on creditable acquisitions of the taxpayer during such tax-  
2 able period.

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

6 “(1) was subject to tax under section 3901 at  
7 the time it was provided to the taxpayer,

8 “(2) was used by the taxpayer—

9 “(A) in the course of carrying on a trade  
10 or business,

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

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

22 “(3) except as provided in subsection (c), was  
23 not used by the taxpayer to make an exempt supply.

24 “(c) CERTAIN ACQUISITIONS RELATED TO FINAN-  
25 CIAL SUPPLIES.—

1           “(1) ACQUISITIONS BY QUALIFIED SMALL FI-  
2           NANCIAL SUPPLIERS.—

3           “(A) IN GENERAL.—Solely for purposes of  
4           subsections (b)(3) and (d)(1), a financial supply  
5           which is provided by a qualified small financial  
6           supplier shall not be treated as an exempt sup-  
7           ply.

8           “(B) QUALIFIED SMALL FINANCIAL SUP-  
9           PLIER.—

10           “(i) IN GENERAL.—For purposes of  
11           this paragraph, the term ‘qualified small  
12           financial supplier’ means any person for  
13           any month if, for the 12-month period end-  
14           ing with the month preceding such month,  
15           the amount of credits which, but for this  
16           paragraph, would be allowable to such per-  
17           son under subsection (a) for taxable sup-  
18           plies which are used for the purpose of  
19           making financial supplies does not exceed  
20           the lesser of—

21                           “(I) \$150,000, or

22                           “(II) 10 percent of the amount of  
23                           credits allowable to such person under  
24                           subsection (a) (determined without re-

1           gard to this paragraph) for all taxable  
2           supplies during such 12-month period.

3           “(ii) AGGREGATION RULES.—For pur-  
4           poses of determining the amount of credits  
5           for any period under clause (i), all mem-  
6           bers of the same controlled group of cor-  
7           porations (within the meaning of section  
8           267(f)) and all persons under common con-  
9           trol (within the meaning of section 52(b)  
10          but determined by treating an interest of  
11          more than 50 percent as a controlling in-  
12          terest) shall be treated as 1 person.

13          “(2) PARTIALLY CREDITABLE ACQUISITIONS.—

14                 “(A) IN GENERAL.—In the case of any  
15                 partially creditable acquisition by a person  
16                 other than a qualified small financial supplier—

17                         “(i) subsection (b) shall be applied  
18                         without regard to paragraph (3) thereof,  
19                         and

20                         “(ii) only 60 percent of the amount of  
21                         tax imposed by section 3901 shall be taken  
22                         account under subsection (a) in deter-  
23                         mining the amount of the credit under this  
24                         section.

1           “(B) PARTIALLY CREDITABLE ACQUI-  
2           SION.—For purposes of this section—

3           “(i) IN GENERAL.—The term ‘par-  
4           tially creditable acquisition’ means the ac-  
5           quisition of any supply described in clause  
6           (ii) if such acquisition is used to provide a  
7           financial supply.

8           “(ii) SUPPLIES DESCRIBED.—A sup-  
9           ply is described in this clause if such sup-  
10          ply is a supply of—

11           “(I) banking or cash manage-  
12          ment services, including services re-  
13          lated to issuing, closing, operating,  
14          and maintaining accounts, and the  
15          processing of account information and  
16          applications,

17           “(II) payment and fund transfer  
18          services, including for the operation of  
19          a payment system and processing ac-  
20          count transactions,

21           “(III) securities transaction serv-  
22          ices for the provision, acquisition, or  
23          disposal of an interest in a security,

24           “(IV) loan and debt collection  
25          services, including mortgage broker-

1                   age services, services related to mort-  
2                   gage insurance and loan protection in-  
3                   surance, and loan application, man-  
4                   agement, and processing services,

5                   “(V) capital markets, financial  
6                   instruments, or fund management  
7                   services,

8                   “(VI) insurance services, includ-  
9                   ing brokerage services, or

10                   “(VII) such other services as the  
11                   Secretary may specify in regulations.

12                   “(d) EXEMPT SUPPLIES, ETC.—

13                   “(1) IN GENERAL.—If acquisitions (other than  
14                   partially creditable acquisitions) are used partly for  
15                   a use which is not for an exempt supply and partly  
16                   for an exempt supply, the credit shall be allowable  
17                   only with respect to the acquisitions which are not  
18                   used for an exempt supply.

19                   “(2) PARTIALLY CREDITABLE ACQUISITIONS.—

20                   If partially creditable acquisition is used partly to  
21                   provide a supply described in subsection (c)(2)(B)(ii)  
22                   and partly for another use, subsection (c)(2) shall  
23                   apply only with respect to acquisitions used to pro-  
24                   vide supplies described in subsection (c)(2)(B)(ii).

25                   “(e) EXCESS CREDIT TREATED AS OVERPAYMENT.—



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

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

10                   “(A) the due date for the return for such  
 11                   period, or

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

### 13           **“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.

#### 14           **“SEC. 3921. PROVIDER LIABLE FOR TAX.**

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

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

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

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

3           “(A) performed or otherwise done outside  
4 the United States,

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

6           “(C) acquired for use—

7           “(i) in carrying on a trade or business  
8 in the United States,

9           “(ii) by an organization exempt from  
10 tax under section 501(a), in furtherance of  
11 activities related to the purpose or function  
12 constituting the basis of its exemption  
13 under section 501, or

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

21 **“SEC. 3922. TAX INVOICES.**

22           “(a) IN GENERAL.—

23           “(1) SUPPLIES MADE IN CONNECTION WITH  
24 THE UNITED STATES.—Except as otherwise provided  
25 in this subsection, any person providing a taxable

1 supply shall give the recipient a tax invoice with re-  
2 spect to such supply.

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

9 “(3) IMPORTS.—In the case of any taxable sup-  
10 ply described in section 3911(a), the Secretary, in  
11 consultation with the Commissioner of Customs and  
12 Border Protection, shall promulgate regulations gov-  
13 erning the provision of tax invoices.

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

17 “(1) the name and, in the case of an invoice  
18 under subsection (a)(1), identification number of the  
19 provider,

20 “(2) the name of the recipient,

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

22 “(4) the taxable amount with respect to the  
23 taxable supply,

24 “(5) the amount of the tax imposed by section  
25 3901, and

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

3           “(c) NO CREDIT WITHOUT INVOICE.—

4           “(1) IN GENERAL.—Except as provided in para-  
5           graph (2) or (3), a taxpayer may claim a credit with  
6           respect to a creditable acquisition only if the tax-  
7           payer—

8                   “(A) has in the taxpayer’s possession a tax  
9                   invoice which meets the requirements of this  
10                  section, and

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

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

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

21                   “(A) where the taxpayer can demonstrate  
22                   that the failure to receive or to have in the tax-  
23                   payer’s possession a tax invoice was without  
24                   fault on the taxpayer’s part, or

1                   “(B) to a taxable supply (or category of  
2                   supplies) where—

3                   “(i) the amount involved is de mini-  
4                   mis, or

5                   “(ii) the information required by sub-  
6                   section (b) can be reliably established by  
7                   sampling or by another method and can be  
8                   adequately documented.

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

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

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

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

24                  “(1) IN GENERAL.—Except as provided in para-  
25                  graph (2), a credit allowable by section 3916 with

1 respect to a supply may be allowed only for the first  
2 taxable period by the close of which the taxpayer—

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

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

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

12 “(c) TAXABLE PERIOD.—For purposes of this chap-  
13 ter—

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

17 “(2) MONTHLY PERIOD FOR CERTAIN TAX-  
18 PAYERS.—

19 “(A) IN GENERAL.—In the case of a tax-  
20 payer who makes taxable supplies for any  
21 month in excess of \$20,000,000, the term ‘tax-  
22 able period’ means a calendar month.

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

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

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

6 “(A) the time (or times) when any income  
7 from the provision of the supply should be  
8 treated by the provider as received or accrued  
9 (or any loss should be taken into account by the  
10 seller) for purposes of chapter 1, or

11 “(B) the time (or times) when the provider  
12 receives payment for the sale.

13 “(2) IMPORTS.—In the case of the importing of  
14 property, the tax point is when the property is en-  
15 tered, or withdrawn from warehouse, for consump-  
16 tion in the United States.

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

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

22 “For purposes of this chapter, except as provided in  
23 sections 3913(b)(3)(C) and 3916(c)(1)(B)(ii) and in regu-  
24 lations established by the Secretary, the taxpayer may  
25 elect—





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

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

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

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

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

21           “(7) UNITED STATES.—The term ‘United  
22 States’, when used in a geographical sense, includes  
23 a Commonwealth and any possession of the United  
24 States.

1 **“SEC. 3932. SPECIAL RULES.**

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

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

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

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

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

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

21 “(b) AUTHORITY TO ZERO RATE DE MINIMIS SUP-  
22 PLIES, ETC.—The Secretary may prescribe regulations  
23 treating as an exempt supply any taxable supply (or cat-  
24 egory of such supplies) where—

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

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

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

“CHAPTER 30. PROGRESSIVE CONSUMPTION TAX”.

8 (c) EFFECTIVE DATE.—The amendments made by  
9 this section shall apply to supplies provided after Decem-  
10 ber 31, 2017.

11 **TITLE II—INDIVIDUAL AND**  
12 **CORPORATE TAX REFORM**  
13 **Subtitle A—Individual Income Tax**  
14 **Reforms**

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

16 (a) IN GENERAL.—

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

<b>“If taxable income is:</b>	<b>The tax is:</b>
Not over \$100,000 .....	15 percent of taxable income.
Over \$100,000 but not over \$500,000.	\$15,000, plus 25 percent of the ex- cess over \$100,000.
Over \$500,000 .....	\$115,000, plus 28 percent of the ex- cess 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:

<b>“If taxable income is:</b>	<b>The tax is:</b>
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 ex- cess 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:

<b>“If taxable income is:</b>	<b>The tax is:</b>
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 ex- cess 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:

<b>“If taxable income is:</b>	<b>The tax is:</b>
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 ex- cess over \$250,000.”.

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

13           (1) IN GENERAL.—Paragraph (3) of section  
 14          1(f) is amended by inserting “, except as provided  
 15          in paragraph (7),” after “for any calendar year”.

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

5           “(7) COST-OF-LIVING ADJUSTMENT FOR YEARS  
6 AFTER 2017.—

7           “(A) CALENDAR YEAR 2018.—In pre-  
8 scribing the tables under paragraph (1) which  
9 apply in lieu of the tables contained in sub-  
10 sections (a), (b), (c), and (d) with respect to  
11 taxable years beginning in calendar year 2018,  
12 the Secretary shall make no adjustment to the  
13 dollar amounts in any such table.

14           “(B) LATER CALENDAR YEARS.—In pre-  
15 scribing tables under paragraph (1) which apply  
16 in lieu of the tables contained in subsections  
17 (a), (b), (c), and (d) with respect to taxable  
18 years beginning after December 31, 2018, the  
19 cost-of-living adjustment used in making ad-  
20 justments to the dollar amounts in such tables  
21 shall be determined under paragraph (3) by  
22 substituting ‘2017’ for ‘1992’.”.

23           (3) CONFORMING AMENDMENTS.—

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

1 (i) by striking “paragraph (8)” in  
2 subparagraph (A) and inserting “para-  
3 graph (7)(A)”, and

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

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

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

15 (d) EFFECTIVE DATE.—The amendments made by  
16 this section shall apply to taxable years beginning after  
17 December 31, 2017.

18 **SEC. 202. FAMILY ALLOWANCE AMOUNTS.**

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

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

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

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

4           “(2) the family allowance amount.

5           “(b) FAMILY ALLOWANCE.—For purposes of this  
 6 subtitle—

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

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

10           “(2) DEFINITIONS.—For purposes of this sub-  
 11           section—

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

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

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

21           “(3) ADJUSTMENT FOR INFLATION.—In the  
 22           case of any taxable year beginning after 2018, each

1 of the dollar amounts in the table under paragraph  
2 (1) shall be increased by an amount equal to—

3 “(A) such dollar amount, multiplied by

4 “(B) the cost-of-living adjustment deter-  
5 mined under section 1(f)(3) for the calendar  
6 year in which the taxable year begins, by sub-  
7 stituting ‘calendar year 2017’ for ‘calendar year  
8 1992’ in subparagraph (B) thereof.

9 “(c) CROSS REFERENCES.—

10 “(1) For deductions of estates and trusts in  
11 lieu of the family allowance amount, see section  
12 642(b).

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

15 “(3) For determination of marital status, see  
16 section 7703.”.

17 (b) TERMINATION OF PERSONAL EXEMPTIONS.—

18 (1) IN GENERAL.—Subsection (a) of section  
19 151 is amended by inserting “, for a taxable year  
20 beginning before January 1, 2018” after “In the  
21 case of an individual”.

22 (2) IDENTIFYING INFORMATION REQUIRED TO  
23 TREAT INDIVIDUAL AS DEPENDENT.—Section 152 is  
24 amended by adding at the end the following new  
25 subsection:



1       “(g) IDENTIFYING INFORMATION REQUIRED.—No  
2 individual shall be treated as a dependent of the taxpayer  
3 under this section for a taxable year unless the taxpayer  
4 includes the TIN of such individual on the return of tax  
5 for the taxable year.”.

6           (3) CONFORMING AMENDMENTS.—

7           (A) Section 2(a)(1)(B)(ii) is amended by  
8 striking “of a dependent” and all that follows  
9 and inserting “of a dependent (as defined in  
10 section 152) who (within the meaning of section  
11 152, determined without regard to subsections  
12 (b)(1), (b)(2), and (d)(1)(B) thereof) is a son,  
13 stepson, daughter, or stepdaughter of the tax-  
14 payer.”.

15           (B) Section 2(b)(1)(A)(ii) is amended by  
16 striking “if the taxpayer is entitled to a deduc-  
17 tion for the taxable year for such person under  
18 section 151” and inserting “within the meaning  
19 of section 152”.

20           (C) Section 2(b)(1)(B) is amended by  
21 striking “if the taxpayer is entitled to a deduc-  
22 tion for the taxable year for such father or  
23 mother under section 151” and inserting “if  
24 such father or mother is a dependent of the

1 taxpayer for the taxable year, within the mean-  
2 ing of section 152”.

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

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

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

20 (E) Section 36B(c)(1)(D) is amended by  
21 striking “with respect to whom a deduction  
22 under section 151 is allowable to another tax-  
23 payer” and inserting “who is taken into ac-  
24 count as a dependent by another taxpayer

1 under section 152 for purposes of any provision  
2 of this title”.

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

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

15 (H) Section 152(d)(1)(B) is amended by  
16 striking “the exemption amount (as defined in  
17 section 151(d))” and inserting “the family al-  
18 lowance amount applicable to taxpayers who are  
19 single or married filing separately under section  
20 63(b)”.

21 (I) Section 152(f)(6)(B)(i) is amended by  
22 striking “the deduction under section 151(c)”  
23 and inserting “the family allowance amount  
24 under section 63(b)”.

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

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

6           (L) Section 172(d)(3) is amended to read  
7 as follows:

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

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

20           (N) Section 223(b)(6) is amended by strik-  
21 ing “with respect to whom a deduction under  
22 section 151 is allowable to another taxpayer”  
23 and inserting “who is taken into account as a  
24 dependent by another taxpayer under section  
25 152 for purposes of any provision of this title”.

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

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

11                 (i) by striking “151(d)” and inserting  
12                 “151(d) (as in effect for taxable years be-  
13                 ginning before January 1, 2018)”, and

14                 (ii) by striking “151(d)(3)(C)(iii)” in  
15                 subclause (I) and inserting  
16                 “151(d)(3)(C)(iii) (as so in effect)”.

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

22           (R) Section 703(a) is amended—

23                 (i) by striking “and” at the end of  
24                 paragraph (1),

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

6           (iii) by striking the period at the end  
7           of paragraph (2)(F) and inserting “, and”,  
8           and

9           (iv) by adding at the end the following  
10          new paragraph:

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

15          (S) Section 873(b) is amended—

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

18               (ii) by striking paragraph (3) and in-  
19               serting the following:

20          “(3) FAMILY ALLOWANCE AMOUNT.—The ex-  
21          clusion of the family allowance amount under section  
22          63(a)(2), except that the taxpayer shall be treated  
23          for purposes of section 63(b) as single or married  
24          filing separately unless the taxpayer is a resident of

1 a contiguous country or is a national of the United  
2 States.”.

3 (T) The heading of section 873 is amended  
4 by striking “**DEDUCTIONS**” and inserting  
5 “**DEDUCTIONS AND ALLOWANCES**”.

6 (U) The item relating to section 873 in the  
7 table of sections for subpart A of part II of  
8 subchapter N of chapter 1 is amended to read  
9 as follows:

“Sec. 873. Deductions and allowances.”.

10 (V) Section 874(b) is amended by striking  
11 “deduction for exemptions under section 151”  
12 and inserting “exclusion of the family allowance  
13 amount under section 63(a)(2)”.

14 (W) Section 891 is amended by striking  
15 “deductions allowable under section 151 and  
16 under” and inserting “exclusion of the family  
17 allowance amount under section 63(a)(2) and  
18 the deductions allowable under”.

19 (X) Section 904(b)(1) is amended to read  
20 as follows:

21 “(1) FAMILY ALLOWANCE AND DEDUCTIONS.—  
22 For purposes of subsection (a), the taxable income  
23 in the case of an individual, estate, or trust shall be  
24 computed without regard to the exclusion of the

1 family allowance amount under section 63(a)(2) or  
2 any deduction in lieu of such exclusion.”.

3 (Y) Section 931(b)(1) is amended by strik-  
4 ing “deductions (other than the deduction  
5 under section 151, relating to personal exemp-  
6 tions)” and inserting “deductions”.

7 (Z) Section 933 is amended—

8 (i) by striking “deductions (other than  
9 the deduction under section 151, relating  
10 to personal exemptions)” in paragraph (1)  
11 and inserting “deductions”, and

12 (ii) by striking “deductions (other  
13 than the deduction for personal exemptions  
14 under section 151)” in paragraph (2) and  
15 inserting “deductions”.

16 (AA) Section 1212(b)(2)(B)(ii) is amended  
17 to read as follows:

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

21 (BB) Section 1402(a)(7) is amended to  
22 read as follows:

23 “(7) taxable income under section 63 shall be  
24 determined without regard to paragraph (2) of sec-



1       tion 63(a), relating to the family allowance  
2       amount;”.

3               (CC) Section 5000A(c)(4)(A) is amended  
4       by striking “for whom the taxpayer is allowed  
5       a deduction under section 151 (relating to al-  
6       lowance of deduction for personal exemptions)”  
7       and inserting “who are taken into account as a  
8       dependent by the taxpayer under section 152  
9       for purposes of any provision of this title”.

10              (DD) Section 6012(a)(1) is amended to  
11       read as follows:

12       “(1)(A) Every individual—

13              “(i) having for the taxable year gross in-  
14       come which equals or exceeds the family allow-  
15       ance amount applicable to the individual under  
16       section 63, or

17              “(ii) in the case of individuals entitled to  
18       make a joint return (but only if the individual  
19       and the individual’s spouse had the same house-  
20       hold as their home at the close of the taxable  
21       year), every individual whose gross income,  
22       when combined with the gross income of the in-  
23       dividual’s spouse, equals or exceeds the family  
24       allowance amount applicable to taxpayers who  
25       are married filing jointly under section 63.

1           “(B) Every individual not described in subpara-  
2           graph (A) who is taken into account as a dependent  
3           by another taxpayer under section 152 for purposes  
4           of any provision of this title, but only if such individ-  
5           ual’s gross income, when combined with the gross in-  
6           come of all individuals taken into account in deter-  
7           mining the family allowance amount under section  
8           63(b) of the taxpayer, equals or exceeds the family  
9           allowance amount applicable to the taxpayer under  
10          such section.”.

11           (EF) Section 6012(a)(8) is amended by  
12          striking “is not less than the sum of the exemp-  
13          tion amount plus the basic standard deduction  
14          under section 63(c)(2)(D)” and inserting  
15          “equals or exceeds the family allowance amount  
16          applicable to the estate under section  
17          1398(c)(3)”.

18           (FG) Section 6013(b)(3)(A) is amended by  
19          striking “has the meaning given to such term”  
20          and all that follows and inserting “means the  
21          family allowance amount applicable to a tax-  
22          payer who is single or married filing separately  
23          under section 63(b).”.

24           (GH) Section 6014(a) is amended by strik-  
25          ing “who does not itemize his deductions and

1 who is not described in section  
2 6012(a)(1)(C)(i)” and inserting “who is not de-  
3 scribed in section 6012(a)(1)(B)”.

4 (HH) Section 6103(l)(21)(A)(iii) is amend-  
5 ed by striking “for whom a deduction is allowed  
6 under section 151” and inserting “who is taken  
7 into account as a dependent under section 152  
8 for purposes of any provision of this title”.

9 (II) Section 6334(d)(2)(A) is amended to  
10 read as follows:

11 “(A) the family allowance amount deter-  
12 mined under section 63(b) with respect to the  
13 taxpayer for the taxable year in which such levy  
14 occurs, divided by”.

15 (JJ) Section 7703(b)(1) is amended by  
16 striking “with respect to whom such individual  
17 is entitled to a deduction for the taxable year  
18 under section 151 (or would be so entitled but  
19 for section 152(e))” and inserting “who is a de-  
20 pendent (within the meaning of section 152) of  
21 the individual for the taxable year”.

22 (4) AMENDMENTS RELATING TO PAYROLL  
23 WITHHOLDING.—

24 (A) IN GENERAL.—Paragraph (1) of sec-  
25 tion 3402(f) is amended by striking subpara-

1 graph (A) and all that follows and inserting the  
2 following:

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

5 “(B) any allowance to which the employee  
6 is entitled under subsection (m), but only if the  
7 employee’s spouse does not have in effect a  
8 withholding exemption certificate claiming such  
9 allowance.”.

10 (B) FAMILY ALLOWANCE EXEMPTION  
11 AMOUNT.—Subsection (f) of section 3402 is  
12 amended—

13 (i) by redesignating paragraphs (2),  
14 (3), (4), (5), (6), and (7) as paragraphs  
15 (3), (4), (5), (6), (7), and (8), respectively,

16 (ii) by striking “paragraph (2)(C)” in  
17 paragraph (3)(B)(iii) and inserting “para-  
18 graph (3)(C)”, and

19 (iii) by inserting after paragraph (1)  
20 the following new paragraph:

21 “(2) FAMILY ALLOWANCE EXEMPTION  
22 AMOUNT.—For purposes of this section—

23 “(A) IN GENERAL.—Except as provided in  
24 subparagraphs (B) and (C), the term ‘family al-  
25 lowance exemption amount’ means the family

1 allowance amount with respect to the taxpayer  
2 under section 63(b) for the taxable year in  
3 which the payroll period begins, prorated to the  
4 payroll period.

5 “(B) MARRIED EMPLOYEES.—If the em-  
6 ployee is married filing jointly and the employ-  
7 ee’s spouse is an employee receiving wages, the  
8 employee and the employee’s spouse may divide  
9 the family allowance amount determined under  
10 section 63(b) in the proportion of their choice  
11 for purposes of this paragraph, but the sum of  
12 the family allowance exemption amounts  
13 claimed by the employee and the employee’s  
14 spouse shall not exceed such family allowance  
15 amount.

16 “(C) EMPLOYEES WITH MORE THAN 1 EM-  
17 PLOYER.—In the case of an employee that has  
18 withholding exemption certificates in effect with  
19 respect to more than 1 employer, the employee  
20 may divide the family allowance amount (or the  
21 employee’s share of such amount after the ap-  
22 plication of subparagraph (B), if applicable) de-  
23 termined under section 63(b) among employers  
24 in the proportion of the employee’s choice for  
25 purposes of this paragraph, but the sum of the

1 family allowance exemption amounts claimed by  
2 the employee with respect to all employers shall  
3 not exceed such family allowance amount (or  
4 the employee's share of such amount after the  
5 application of subparagraph (B), if applica-  
6 ble).”.

7 (C) CONFORMING AMENDMENTS.—

8 (i) Paragraph (2) of section 3402(a)  
9 is amended by striking “the number of  
10 withholding exemptions claimed” and all  
11 that follows and inserting “the total  
12 amount of the withholding exemptions  
13 claimed.”.

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

17 (I) by striking “the number of  
18 withholding exemptions” and all that  
19 follows in subparagraph (A) and in-  
20 sserting “the total amount of the with-  
21 holding exemptions which the em-  
22 ployee claims, which shall in no event  
23 exceed the amount to which the em-  
24 ployee is entitled.”,

1 (II) by striking “the number of  
2 withholding exemptions” each place it  
3 appears in subparagraphs (B) and (C)  
4 and inserting “the total amount of the  
5 withholding exemptions”,

6 (III) by striking “the number to  
7 which he is entitled” each place it ap-  
8 pears in subparagraph (B) and insert-  
9 ing “the amount to which the em-  
10 ployee is entitled”,

11 (IV) by striking “the number to  
12 which the employee is entitled” in  
13 subparagraph (C) and inserting “the  
14 amount to which the employee is enti-  
15 tled”, and

16 (V) by striking “the number to  
17 which he will be, or reasonably may be  
18 expected to be, so entitled” in sub-  
19 paragraph (C) and inserting “the  
20 amount to which the employee will be,  
21 or reasonably may be expected to be,  
22 so entitled”.

23 (iii) Paragraph (7) of section 3402(f),  
24 as redesignated by subparagraph (B)(i) of  
25 this paragraph, is amended by striking

1 “shall be entitled to only one withholding  
2 exemption” and inserting “shall be treated  
3 as single or married filing separately for  
4 purposes of determining the family allow-  
5 ance exemption amount”.

6 (iv) Paragraph (8) of section 3402(f),  
7 as redesignated by subparagraph (B)(i) of  
8 this paragraph, is amended by inserting “,  
9 except as provided in paragraph (2)(C)”  
10 after “with respect to one employer”.

11 (v) Paragraph (3) of section 3402(m)  
12 is amended by striking “deductions (in-  
13 cluding the additional standard deduction  
14 under section 63(c)(3) for the aged and  
15 blind)” and inserting “deductions”.

16 (vi) Paragraph (2) of section 3402(r)  
17 is amended striking “the sum of” and all  
18 that follows and inserting “the family al-  
19 lowance amount determined under section  
20 63(b) for a taxpayer who is single or mar-  
21 ried filing separately.”.

22 (vii) Section 6040(4) is amended by  
23 striking “section 3402(f)(2), (3), (4), and  
24 (5)” and inserting “paragraphs (3), (4),  
25 (5), and (6) of section 3402(f)”.



1 (c) CONFORMING AMENDMENTS.—

2 (1) Section 1(f)(6) is amended—

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

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

7 (2) Section 1(g)(4) is amended—

8 (A) by striking clause (ii) of subparagraph  
9 (A) and inserting the following:

10 “(ii) the sum of—

11 “(I) \$500, plus

12 “(II) the greater of the amount  
13 described in subclause (I) or the  
14 amount of the itemized deductions al-  
15 lowed by this chapter which are di-  
16 rectly connected with the production  
17 of the portion of adjusted gross in-  
18 come referred to in clause (i).”, and

19 (B) by redesignating subparagraphs (B)  
20 and (C) as subparagraphs (C) and (D), respec-  
21 tively, and inserting after subparagraph (A) the  
22 following new subparagraph:

23 “(B) ADJUSTMENT FOR INFLATION.—In  
24 the case of any taxable year beginning in a cal-  
25 endar year after 1988, the \$500 amount in sub-

1 paragraph (A)(ii)(I) shall be increased by an  
2 amount equal to—

3 “(i) such dollar amount, multiplied by

4 “(ii) the cost-of-living adjustment de-  
5 termined under subsection (f)(3) for the  
6 calendar year in which the taxable year be-  
7 gins, by substituting ‘calendar year 1987’  
8 for ‘calendar year 1992’ in subparagraph  
9 (B) thereof.”.

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

11 “(a)(1) IN GENERAL.—In lieu of the tax imposed by  
12 section 1, there is hereby imposed for each taxable year  
13 on the taxable income of every individual whose taxable  
14 income does not exceed the ceiling amount a tax deter-  
15 mined under tables, applicable to such taxable year, which  
16 shall be prescribed by the Secretary and which shall be  
17 in such form as the Secretary determines appropriate. In  
18 the table so prescribed, the amounts of the tax shall be  
19 computed on the basis of the rates prescribed by section  
20 1.

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

1           (4) Section 861(b) is amended by striking the  
2 last sentence.

3           (5) Section 862(b) is amended by striking the  
4 last sentence.

5           (6) Section 1398(c) is amended—

6                 (A) by striking paragraph (3) and insert-  
7 ing the following:

8                 “(3) FAMILY ALLOWANCE AMOUNT.—The fam-  
9 ily allowance amount under section 63(b) taken into  
10 account for the estate for the taxable year shall be  
11 the same as for a taxpayer who is single or married  
12 filing separately.”, and

13                 (B) by striking “BASIC STANDARD DE-  
14 DUCTION” in the heading and inserting “FAM-  
15 ILY ALLOWANCE AMOUNT”.

16           (7) Section 6212(c)(2) is amended by striking  
17 subparagraph (A) and by redesignating subpara-  
18 graphs (B) and (C) as subparagraphs (A) and (B),  
19 respectively.

20           (8) Section 6014(b)(4) is amended by striking  
21 “deductions” and all that follows and inserting “de-  
22 ductions.”.

23           (9) Section 6504 is amended by striking para-  
24 graph (2) and by redesignating paragraphs (3), (4),

1 (5), (6), (7), (8), (9), and (10) as paragraphs (2),  
2 (3), (4), (5), (6), (7), (8), and (9), respectively.

3 (d) EFFECTIVE DATE.—The amendments made by  
4 this section shall apply to taxable years beginning after  
5 December 31, 2017.

6 **SEC. 203. REPEAL OF LIMITATIONS RELATING TO ITEMIZED**  
7 **DEDUCTIONS.**

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

9 (b) CONFORMING AMENDMENTS.—

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

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

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

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

18 (C) by striking subclause (III).

19 (3) Section 302(b)(5) is amended by inserting  
20 “, as in effect on December 31, 2017” after  
21 “67(c)(2)(B)”.

22 (4) Section 562(c) is amended by inserting “,  
23 as in effect on December 31, 2017” after  
24 “67(c)(2)(B)”.



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

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

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

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

14           (6) Section 221 (relating to interest on edu-  
15 cation loans).

16           (7) Section 222 (relating to qualified tuition  
17 and related expenses).

18           (8) Chapter 2A (relating to unearned income  
19 medicare contribution).

20           (b) EFFECTIVE DATE.—The repeals made by sub-  
21 section (a) shall take effect for taxable years beginning  
22 after December 31, 2017.

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

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

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

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

6 “(1) the earned income amount (as determined  
7 under subsection (b)),

8 “(2) the child benefit amount (as determined  
9 under subsection (c)), plus

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

12 “(b) EARNED INCOME AMOUNT.—

13 “(1) SINGLE WORKERS.—In the case of an eli-  
14 gible taxpayer (other than a head of a household as  
15 defined in section 2(b)) who is not filing a joint re-  
16 turn for the taxable year under section 6013, the  
17 earned income 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 \$6,100, 25.1 percent of such earned in-  
21 come,

22 “(B) in the case of a taxpayer whose  
23 earned income for the taxable year exceeds  
24 \$6,100 but does not exceed \$9,000, \$1,530 plus  
25 17.1 percent of such earned income in excess of  
26 \$6,100,

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 \$9,000, but  
4           does not exceed \$49,494, \$2,025 minus 5 per-  
5           cent of such earned income or adjusted gross  
6           income in excess of \$9,000, 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 \$49,494, \$0.

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

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

18               “(B) in the case of a taxpayer whose  
19               earned income for the taxable year exceeds  
20               \$9,150 but does not exceed \$13,500, \$2,294  
21               plus 17.1 percent of such earned income in ex-  
22               cess of \$9,150,

23               “(C) in the case of a taxpayer whose  
24               earned income (or, if greater, adjusted gross in-  
25               come) for the taxable year exceeds \$13,500, but



1 does not exceed \$74,241, \$3,037 minus 5 per-  
2 cent of such earned income or adjusted gross  
3 income in excess of \$13,500, or

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

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

13 “(c) CHILD BENEFIT AMOUNT.—

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

18 “(2) LIMITATIONS.—

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

23 “(i) the number of qualifying children  
24 of the taxpayer, multiplied by

25 “(ii) \$1,590.

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

11          “(d) ADDITIONAL CHILD BENEFIT AMOUNT.—

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

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

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

23           “(C) in the case of a taxpayer whose  
24          earned income (or, if greater, adjusted gross in-

1           come) exceeds \$25,000 but does not exceed the  
2           applicable amount, an amount equal to—

3                   “(i) the applicable percentage of  
4                   \$20,000, minus

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

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

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

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

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

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

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

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

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

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

3           “(e) ELIGIBLE TAXPAYER.—

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

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

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

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

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

23           “(4) LIMITATION ON ELIGIBILITY OF NON-  
24           RESIDENT ALIENS.—The term ‘eligible taxpayer’  
25           shall not include any individual who is a nonresident

1 alien individual for any portion of the taxable year  
2 unless such individual is treated for such taxable  
3 year as a resident of the United States for purposes  
4 of this chapter by reason of an election under sub-  
5 section (g) or (h) of section 6013.

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

10 “(A) such individual’s taxpayer identifica-  
11 tion number, and

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

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

23 “(7) TREATMENT OF MILITARY PERSONNEL  
24 STATIONED OUTSIDE OF THE UNITED STATES.—For  
25 purposes of paragraph (1)(A) and subsection (f)(3),

1 the principal place of abode of a member of the  
2 Armed Forces of the United States shall be treated  
3 as in the United States during any period during  
4 which such member is stationed outside the United  
5 States while serving on extended active duty with  
6 the Armed Forces of the United States. For pur-  
7 poses of the preceding sentence, the term ‘extended  
8 active duty’ means any period of active duty pursu-  
9 ant to a call or order to such duty for a period in  
10 excess of 90 days or for an indefinite period.

11 “(8) JOINT RETURN.—

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

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

23 “(f) QUALIFYING CHILD.—

24 “(1) IN GENERAL.—The term ‘qualifying child’  
25 means a qualifying child of the taxpayer (as defined

1 in section 152(c), determined without regard to  
2 paragraph (1)(D) thereof and section 152(e)).

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

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

13 “(4) IDENTIFICATION REQUIREMENTS.—

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

19 “(B) OTHER METHODS.—The Secretary  
20 may prescribe other methods for providing the  
21 information described in subparagraph (A).

22 “(g) EARNED INCOME.—

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

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

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

11          “(2) SPECIAL RULES.—For purposes of para-  
12          graph (1)—

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

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

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

23           “(D) no amount described in paragraph  
24           (1) received for service performed in work ac-  
25           tivities as defined in paragraph (4) or (7) of



1 section 407(d) of the Social Security Act to  
2 which the taxpayer is assigned under any State  
3 program under part A of title IV of such Act  
4 shall be taken into account, but only to the ex-  
5 tent such amount is subsidized under such  
6 State program, and

7 “(E) a taxpayer may elect to treat  
8 amounts excluded from gross income by reason  
9 of section 112 as earned income.

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

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

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

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

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

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

23 “(5) the Food and Nutrition Act of 2008,

24 any refund made to a taxpayer by reason of this section  
25 shall not be treated as income (and shall not be taken into

1 account in determining resources for the month of its re-  
2 ceipt and the following month).

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

7 “(k) DENIAL OF CREDIT FOR INDIVIDUALS HAVING  
8 EXCESSIVE INVESTMENT INCOME.—

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

13 “(2) DISQUALIFIED INCOME.—For purposes of  
14 paragraph (1), the term ‘disqualified income’  
15 means—

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

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

21 “(C) the excess (if any) of—

22 “(i) gross income from rents or royals-  
23 ties not derived in the ordinary course of  
24 a trade or business, over

25 “(ii) the sum of—

1                   “(I) the deductions (other than  
2                   interest) which are clearly and directly  
3                   allocable to such gross income, plus

4                   “(II) interest deductions properly  
5                   allocable to such gross income,

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

9                   “(E) the excess (if any) of—

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

16                   “(ii) the aggregate losses from all pas-  
17                   sive activities for the taxable year (as so  
18                   determined).

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

22                   “(1) INFLATION ADJUSTMENTS.—

23                   “(1) IN GENERAL.—In the case of any taxable  
24                   year beginning after 2018, each of the dollar

1 amounts in subsections (b), (c), (d), and (j)(1) shall  
2 each be increased by an amount equal to—

3 “(A) such dollar amount, multiplied by

4 “(B) the cost-of-living adjustment deter-  
5 mined under section 1(f)(3) for the calendar  
6 year in which the taxable year begins, deter-  
7 mined by substituting ‘calendar year 2017’ for  
8 ‘calendar year 1992’ in subparagraph (B)  
9 thereof.

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

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

17 “(1) TAXPAYERS MAKING PRIOR FRAUDULENT  
18 OR RECKLESS CLAIMS.—

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

22 “(B) DISALLOWANCE PERIOD.—For pur-  
23 poses of subparagraph (A), the disallowance pe-  
24 riod is—

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

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

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

22          (b) CONFORMING AMENDMENTS.—

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

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

3           (3) Section 6213(g)(2) is amended—

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

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

10           (4) Paragraph (2) of section 1324(b) of title  
11           31, United States Code, is amended by inserting  
12           “32,” after “25A,”.

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

          “Sec. 32. Progressive tax rebate.”.

17           (c) EFFECTIVE DATE.—The amendments made by  
18           this section shall apply to taxable years beginning after  
19           December 31, 2017.

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

21           The Secretary of the Treasury or the Secretary’s del-  
22           egate shall, not later than 90 days after the date of the  
23           enactment of this Act, submit to the Committee on Ways  
24           and Means of the House of Representatives and the Com-  
25           mittee on Finance of the Senate a draft of any technical

1 and conforming changes in the Internal Revenue Code of  
2 1986 which are necessary to reflect throughout such Code  
3 the purposes of the provisions of, and amendments made  
4 by, this title.

## 5 **Subtitle B—Corporate Tax Reforms**

### 6 **SEC. 211. CORPORATE INCOME TAX RATE REDUCTION.**

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

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

12 (b) CONFORMING AMENDMENT.—Section 1551 is  
13 amended—

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

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

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

22 (c) EFFECTIVE DATE.—The amendments made by  
23 this section shall apply to taxable years beginning after  
24 December 31, 2017.

1 **TITLE III—REFUND OF EXCESS**  
 2 **CONSUMPTION TAX REVENUE**

3 **SEC. 301. REFUNDS OF EXCESS CONSUMPTION TAX REV-**  
 4 **ENUE.**

5 (a) IN GENERAL.—Subchapter B of chapter 65 is  
 6 amended by adding at the end the following new section:

7 **“SEC. 6433. REFUNDS OF EXCESS CONSUMPTION TAX REV-**  
 8 **ENUE.**

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

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

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

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

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



1           “(B) the credits allowed under section  
2           3916 for such calendar year.

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

9           “(c) ELIGIBLE FILER.—For purposes of this sec-  
10          tion—

11           “(1) DEFINITION.—

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

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

21           “(i) any nonresident alien individual,

22           “(ii) any individual who is a depend-  
23           ent (as defined in section 152) of another  
24           taxpayer for the individual’s qualifying re-  
25           bate taxable year, or

1 “(iii) an estate or trust.

2 “(2) QUALIFYING REBATE TAXABLE YEAR.—

3 The term ‘qualifying rebate taxable year’ means,  
4 with respect to any individual in connection with a  
5 qualifying excess consumption tax revenue year, the  
6 taxable year of such individual which contains 6 or  
7 more months of such qualifying excess consumption  
8 tax revenue year.

9 “(3) IDENTIFICATION REQUIREMENT.—

10 “(A) IN GENERAL.—An individual shall  
11 not be treated as an eligible filer for any year  
12 unless such individual includes on the return of  
13 tax for such year—

14 “(i) such individual’s valid identifica-  
15 tion number,

16 “(ii) in the case of a joint return, the  
17 valid identification number of such individ-  
18 ual’s spouse, and

19 “(iii) the valid identification number  
20 of any qualifying child (as defined in sec-  
21 tion 32(f)) claimed on such return.

22 “(B) VALID IDENTIFICATION NUMBER.—

23 For purposes of subparagraph (A), the term  
24 ‘valid identification number’ means a social se-  
25 curity number issued to an individual by the

1 Social Security Administration. Such term shall  
2 not include a TIN issued by the Internal Rev-  
3 enue Service.

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

10 “(d) CONSUMPTION TAX REFUND AMOUNT.—

11 “(1) IN GENERAL.—The consumption tax re-  
12 fund amount for any eligible filer for any qualifying  
13 excess consumption tax year shall be the product  
14 of—

15 “(A) the applicable amount, times

16 “(B) the applicable shares of the eligible  
17 filer.

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

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

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

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

4                   “(A) 1 (2 in the case of a joint return),  
5           plus

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

10          “(e) TIME FOR PAYMENT.—Payments under sub-  
11       section (a) shall be made as soon as practical after the  
12       Secretary has determined the consumption tax refund  
13       amount.”.

14          (b) CONFORMING AMENDMENTS.—

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

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

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

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

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