

105TH CONGRESS
1ST SESSION

H. R. 2685

To amend the Internal Revenue Code of 1986 to allow an individual taxpayer to elect a flat alternative individual return tax as an alternative to the current Internal Revenue Code.

IN THE HOUSE OF REPRESENTATIVES

OCTOBER 21, 1997

Mr. SNOWBARGER introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committee on Rules, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To amend the Internal Revenue Code of 1986 to allow an individual taxpayer to elect a flat alternative individual return tax as an alternative to the current Internal Revenue Code.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Flat Alternative Indi-
5 vidual Return Tax Act of 1997”.

1 **SEC. 2. FLAT ALTERNATIVE INDIVIDUAL RETURN TAX.**

2 (a) IN GENERAL.—Part I of subchapter A of chapter
3 1 of the Internal Revenue Code of 1986 (relating to tax
4 on individuals) is amended by redesignating section 5 as
5 section 6 and by inserting after section 4 the following
6 new section:

7 **“SEC. 5. FLAT ALTERNATIVE INDIVIDUAL RETURN TAX.**

8 “(a) ELECTION.—In lieu of the tax imposed by sec-
9 tions 1 and 55, an individual may elect to be subject to
10 the tax imposed by this section.

11 “(b) FAIR TAX IMPOSED.—In the case of an individ-
12 ual making an election under subsection (a), there is here-
13 by imposed on the FAIR taxable income of such individual
14 a tax equal to 20 percent of such FAIR taxable income.

15 “(c) FAIR TAXABLE INCOME.—For purposes of this
16 section, the term ‘FAIR taxable income’ means the excess
17 of—

18 “(1) gross income minus the deductions speci-
19 fied by paragraph (1) of section 62(a), over

20 “(2) the FAIR standard deduction.

21 “(d) FAIR STANDARD DEDUCTION.—

22 “(1) IN GENERAL.—For purposes of this sec-
23 tion, the term ‘FAIR standard deduction’ means the
24 sum of—

25 “(A) the basic standard deduction, plus

26 “(B) the additional standard deduction.

1 “(2) BASIC STANDARD DEDUCTION.—For pur-
2 poses of paragraph (1), the basic standard deduction
3 is—

4 “(A) \$21,400 in the case of—

5 “(i) a joint return, or

6 “(ii) a surviving spouse (as defined in
7 section 2(a)),

8 “(B) \$14,000 in the case of a head of
9 household (as defined in section 2(b)), and

10 “(C) \$10,700 in the case of an individ-
11 ual—

12 “(i) who is not married and who is
13 not a surviving spouse or head of house-
14 hold, or

15 “(ii) who is a married individual filing
16 a separate return.

17 “(3) ADDITIONAL STANDARD DEDUCTION.—For
18 purposes of paragraph (1), the additional standard
19 deduction is \$5,000 for each dependent (as defined
20 in section 152) who is described in section 151(e)(1)
21 for the taxable year and who is not required to file
22 a return for such taxable year.

23 “(e) INCOME OF CERTAIN CHILDREN.—For purposes
24 of this section—

1 “(1) an individual’s taxable income shall include
2 the taxable income of each dependent child of such
3 individual who has not attained age 14 as of the
4 close of such taxable year, and

5 “(2) such dependent child shall have no liability
6 for tax imposed by this section with respect to such
7 income and shall not be required to file a return for
8 such taxable year.

9 “(f) INFLATION ADJUSTMENT.—

10 “(1) IN GENERAL.—In the case of any taxable
11 year beginning in a calendar year after 1998, each
12 dollar amount contained in subsection (d) shall be
13 increased by an amount determined by the Secretary
14 to be equal to—

15 “(A) such dollar amount, multiplied by

16 “(B) the cost-of-living adjustment for such
17 calendar year.

18 “(2) COST-OF-LIVING ADJUSTMENT.—For pur-
19 poses of paragraph (1), the cost-of-living adjustment
20 for any calendar year is the percentage (if any) by
21 which—

22 “(A) the CPI for the preceding calendar
23 year, exceeds

24 “(B) the CPI for the calendar year 1997.

1 “(3) CPI FOR ANY CALENDAR YEAR.—For pur-
2 poses of paragraph (2), the CPI for any calendar
3 year is the average of the Consumer Price Index as
4 of the close of the 12-month period ending on
5 August 31 of such calendar year.

6 “(4) CONSUMER PRICE INDEX.—For purposes
7 of paragraph (3), the term ‘Consumer Price Index’
8 means the last Consumer Price Index for all-urban
9 consumers published by the Department of Labor.
10 For purposes of the preceding sentence, the revision
11 of the Consumer Price Index which is most consist-
12 ent with the Consumer Price Index for calendar year
13 1986 shall be used.

14 “(5) ROUNDING.—If any increase determined
15 under paragraph (1) is not a multiple of \$10, such
16 increase shall be rounded to the next highest mul-
17 tiple of \$10.

18 “(g) MARRIED COUPLE MUST FILE JOINT RE-
19 TURN.—

20 “(1) IN GENERAL.—Except in the case of a
21 husband and wife who live apart at all times during
22 the taxable year, if the taxpayer is married at the
23 close of the taxable year, an election under sub-
24 section (a) shall be made only if the taxpayer and
25 his spouse file a joint return for the taxable year.

1 “(2) MARITAL STATUS.—For purposes of this
2 section, marital status shall be determined under
3 section 7703.”

4 (b) CONFORMING AMENDMENT.—The table of sec-
5 tions for part I of subchapter A of chapter 1 of such Code
6 is amended by striking the item relating to section 5 and
7 inserting after the item relating to section 4 the following
8 new items:

 “Sec. 5. Flat alternative individual return tax.

 “Sec. 6. Cross references relating to tax on individuals.”

9 (c) EFFECTIVE DATE.—The amendments made by
10 this section shall apply to taxable years beginning after
11 December 31, 1997.

12 **SEC. 3. SUPERMAJORITY REQUIRED.**

13 (a) IN GENERAL.—It shall not be in order in the
14 House of Representatives or the Senate to consider any
15 bill, joint resolution, amendment thereto, or conference re-
16 port thereon that includes any provision that—

17 (1) increases the FAIR tax rate (as specified in
18 subsection (b) of section 5 of the Internal Revenue
19 Code of 1986, as added by this Act),

20 (2) creates any additional FAIR income tax
21 rate (related to the alternative tax imposed by such
22 section 5), or

23 (3) reduces the FAIR standard deduction (as
24 defined in subsection (d) of such section 5).

1 (b) WAIVER OR SUSPENSION.—This section may be
2 waived or suspended in the House of Representatives or
3 the Senate only by the affirmative vote of three-fifths of
4 the Members, duly chosen and sworn.

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