

106TH CONGRESS
1ST SESSION

S. 806

To amend the Internal Revenue Code of 1986 to reduce the 15 percent individual income tax rate to 10 percent over 5 years, to provide that married couples may file a combined return under which each spouse is taxed using the rates applicable to unmarried individuals, and for other purposes.

IN THE SENATE OF THE UNITED STATES

APRIL 15, 1999

Mr. ASHCROFT (for himself, Mrs. HUTCHISON, Mr. INHOFE, and Mr. KYL) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to reduce the 15 percent individual income tax rate to 10 percent over 5 years, to provide that married couples may file a combined return under which each spouse is taxed using the rates applicable to unmarried individuals, 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.**

4 This Act may be cited as the “Taxpayer Freedom and
5 Fairness Act”.

1 **SEC. 2. PHASED REDUCTION OF 15 PERCENT INDIVIDUAL**
 2 **INCOME TAX RATE TO 10 PERCENT.**

3 (a) IN GENERAL.—Section 1 of the Internal Revenue
 4 Code of 1986 (relating to tax imposed) is amended—

5 (1) by striking “15%” each place it appears in
 6 the tables in subsections (a) through (e) and insert-
 7 ing “The applicable rate”, and

8 (2) by adding at the end the following:

9 “(i) APPLICABLE RATE.—For purposes of this sec-
 10 tion, the applicable rate for any taxable year shall be de-
 11 termined in accordance with the following table:

“In the case of any taxable	The applicable rate is:
year beginning in—	
1999	14 percent
2000	13 percent
2001	12 percent
2002	11 percent
2003 and thereafter	10 percent.”.

12 (b) CONFORMING AMENDMENTS.—

13 (1) Section 1(f)(2) of the Internal Revenue
 14 Code of 1986 is amended—

15 (A) by inserting “except as provided in
 16 subsection (i),” before “by not changing” in
 17 subparagraph (B), and

18 (B) by inserting “and the adjustment in
 19 rates under subsection (i)” after “rate brack-
 20 ets” in subparagraph (C).

1 (2) Section 1(g)(7)(B)(ii)(II) of such Code is
2 amended by striking “15 percent” and inserting
3 “the applicable rate”.

4 (3) Section 3402(p)(2) of such Code is amend-
5 ed by striking “15 percent” and inserting “the ap-
6 plicable rate in effect under section 1(i) for the tax-
7 able year”.

8 (c) NEW TABLES.—Not later than 15 days after the
9 date of enactment of this Act, the Secretary of the
10 Treasury—

11 (1) shall prescribe tables for taxable years be-
12 ginning in 1999 which shall reflect the amendments
13 made by this section and which shall apply in lieu
14 of the tables prescribed under sections 1(f)(1) and
15 3(a) of the Internal Revenue Code of 1986 for such
16 taxable years, and

17 (2) shall modify the withholding tables and pro-
18 cedures for such taxable years under section
19 3402(a)(1) of such Code to take effect as if the re-
20 duction in the rate of tax under section 1 of such
21 Code (as amended by this section) was attributable
22 to such a reduction effective on such date of enact-
23 ment.

24 (d) SECTION 15 NOT TO APPLY.—No amendment
25 made by this section shall be treated as a change in a

1 rate of tax for purposes of section 15 of the Internal Rev-
2 enue Code of 1986.

3 (e) EFFECTIVE DATE.—The amendments made by
4 this section shall apply to taxable years beginning after
5 December 31, 1998.

6 **SEC. 3. COMBINED RETURN TO WHICH UNMARRIED RATES**
7 **APPLY.**

8 (a) IN GENERAL.—Subpart B of part II of sub-
9 chapter A of chapter 61 of the Internal Revenue Code of
10 1986 (relating to income tax returns) is amended by in-
11 serting after section 6013 the following:

12 **“SEC. 6013A. COMBINED RETURN WITH SEPARATE RATES.**

13 “(a) GENERAL RULE.—A husband and wife may
14 make a combined return of income taxes under subtitle
15 A under which—

16 “(1) a separate taxable income is determined
17 for each spouse by applying the rules provided in
18 this section, and

19 “(2) the tax imposed by section 1 is the aggre-
20 gate amount resulting from applying the separate
21 rates set forth in section 1(c) to each such taxable
22 income.

23 “(b) DETERMINATION OF TAXABLE INCOME.—

24 “(1) IN GENERAL.—For purposes of subsection
25 (a)(1), the taxable income for each spouse shall be

1 one-half of the taxable income computed as if the
2 spouses were filing a joint return.

3 “(2) NONITEMIZERS.—For purposes of para-
4 graph (1), if an election is made not to itemize de-
5 ductions for any taxable year, the basic standard de-
6 duction shall be equal to the amount which is twice
7 the basic standard deduction under section
8 63(c)(2)(C) for the taxable year.

9 “(c) TREATMENT OF CREDITS.—Credits shall be de-
10 termined (and applied against the joint liability of the cou-
11 ple for tax) as if the spouses had filed a joint return.

12 “(d) TREATMENT AS JOINT RETURN.—Except as
13 otherwise provided in this section or in the regulations
14 prescribed hereunder, for purposes of this title (other than
15 sections 1 and 63(c)) a combined return under this section
16 shall be treated as a joint return.

17 “(e) REGULATIONS.—The Secretary shall prescribe
18 such regulations as may be necessary or appropriate to
19 carry out this section.”.

20 (b) UNMARRIED RATE MADE APPLICABLE.—So
21 much of subsection (c) of section 1 of the Internal Rev-
22 enue Code of 1986 (relating to tax imposed) as precedes
23 the table is amended to read as follows:

24 “(c) SEPARATE OR UNMARRIED RETURN RATE.—
25 There is hereby imposed on the taxable income of every

1 individual (other than a married individual (as defined in
2 section 7703) filing a joint return or a separate return,
3 a surviving spouse as defined in section 2(a), or a head
4 of household as defined in section 2(b)) a tax determined
5 in accordance with the following table:”.

6 (c) CLERICAL AMENDMENT.—The table of sections
7 for subpart B of part II of subchapter A of chapter 61
8 of the Internal Revenue Code of 1986 is amended by in-
9 serting after the item relating to section 6013 the fol-
10 lowing:

“Sec. 6013A. Combined return with separate rates.”

11 (d) EFFECTIVE DATE.—The amendments made by
12 this section shall apply to taxable years beginning after
13 the date of enactment of this Act.

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