

111TH CONGRESS
2^D SESSION

H. R. 6358

To amend the Internal Revenue Code of 1986 to provide for a zero percent capital gains rate for individuals and corporations.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 29, 2010

Mr. MACK introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to provide for a zero percent capital gains rate for individuals and corporations.

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. ZERO PERCENT CAPITAL GAINS RATE FOR IN-**
4 **DIVIDUALS AND CORPORATIONS.**

5 (a) ZERO PERCENT CAPITAL GAINS RATE FOR INDI-
6 VIDUALS.—

7 (1) IN GENERAL.—Paragraph (1) of section
8 1(h) of the Internal Revenue Code of 1986 is
9 amended by striking subparagraph (C), by redesignig-
10 nating subparagraphs (D) and (E) and subpara-

1 graphs (C) and (D), respectively, and by amending
2 subparagraph (B) to read as follows:

3 “(B) 0 percent of the adjusted net capital
4 gain (or, if less, taxable income);”.

5 (2) ALTERNATIVE MINIMUM TAX.—Paragraph
6 (3) of section 55(b) is amended by striking subpara-
7 graph (C), by redesignating subparagraph (D) as
8 subparagraph (C), and by amending subparagraph
9 (B) to read as follows:

10 “(B) 0 percent of the adjusted net capital
11 gain (or, if less, taxable excess), plus”.

12 (3) REPEAL OF SUNSET OF REDUCTION IN CAP-
13 ITAL GAINS RATES FOR INDIVIDUALS.—Section 303
14 of the Jobs and Growth Tax Relief Reconciliation
15 Act of 2003 shall not apply to section 301 of such
16 Act.

17 (b) ZERO PERCENT CAPITAL GAINS RATE FOR COR-
18 PORATIONS.—

19 (1) IN GENERAL.—Section 1201 of the Internal
20 Revenue Code of 1986 is amended by redesignating
21 subsection (b) as subsection (c), and by striking sub-
22 section (a) and inserting the following new sub-
23 sections:

24 “(a) GENERAL RULE.—If for any taxable year a cor-
25 poration has a net capital gain, then, in lieu of the tax

1 imposed by sections 11, 511, 821(a) or (c), and 831(a),
2 there is hereby imposed a tax (if such tax is less than
3 the tax imposed by such sections) which shall consist of
4 the sum of—

5 “(1) a tax computed on the taxable income re-
6 duced by the amount of the net capital gain, at the
7 rates and in the manner as if this subsection had
8 not been enacted,

9 “(2) 0 percent of the adjusted net capital gain
10 (or, if less, taxable income),

11 “(3) 25 percent of the excess (if any) of—

12 “(A) the unrecaptured section 1250 gain
13 (or, if less, the net capital gain (determined
14 without regard to subsection (b)(2)), over

15 “(B) the excess (if any) of—

16 “(i) the sum of the amount on which
17 tax is determined under paragraph (1)
18 plus the net capital gain, over

19 “(ii) taxable income, plus

20 “(4) 28 percent of the amount of taxable in-
21 come in excess of the sum of the amounts on which
22 tax is determined under the preceding paragraphs of
23 this subsection.

24 “(b) DEFINITIONS AND SPECIAL RULES.—For pur-
25 poses of this section—

1 “(1) IN GENERAL.—The terms ‘adjusted net
2 capital gain’ and ‘unrecaptured section 1250 gain’
3 shall have the respective meanings given such terms
4 in section 1(h).

5 “(2) DIVIDENDS TAXED AT NET CAPITAL
6 GAIN.—Except as otherwise provided in this section,
7 the term ‘net capital gain’ has the meaning given
8 such term in section 1(h)(11).”.

9 (2) ALTERNATIVE MINIMUM TAX.—Section
10 55(b) of such Code is amended by adding at the end
11 the following new paragraph:

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

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

21 “(B) the amount determined under section
22 1201.”.

23 (3) TECHNICAL AMENDMENTS.—

1 (A) Section 1202(a) of such Code is
2 amended by striking “50 percent” and inserting
3 “100 percent”.

4 (B) Section 1445(e)(1) of such Code is
5 amended by striking “35 percent (or, to the ex-
6 tent provided in regulations, 15 percent)” and
7 inserting “0 percent”.

8 (C) Section 1445(e)(2) of such Code is
9 amended by striking “35 percent” and inserting
10 “0 percent”.

11 (D) Section 7518(g)(6)(A) of such Code is
12 amended by striking “15 percent (34 percent in
13 the case of a corporation)” and inserting “0
14 percent”.

15 (E) Section 607(h)(6)(A) of the Merchant
16 Marine Act, 1936, is amended by striking “15
17 percent (34 percent in the case of a corpora-
18 tion)” and inserting “0 percent”.

19 (c) EFFECTIVE DATE.—

20 (1) IN GENERAL.—Except as provided in para-
21 graph (2), the amendments made by this section
22 shall apply to taxable years beginning after Decem-
23 ber 31, 2010.

24 (2) WITHHOLDING.—The amendments made by
25 subparagraphs (A) and (B) of subsection (b)(3)

1 shall apply to dispositions and distributions after the
2 date of the enactment of this Act.

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