

105TH CONGRESS
1ST SESSION

H. R. 2966

To amend the Internal Revenue Code of 1986 to allow a deduction for employment taxes paid by employees and self-employed individuals, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 8, 1997

Mr. SANDLIN 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 allow a deduction for employment taxes paid by employees and self-employed 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 “Working Americans
5 Tax Relief Act”.

6 **SEC. 2. DEDUCTION FOR EMPLOYMENT TAXES OF EMPLOY-**
7 **EES AND SELF-EMPLOYED INDIVIDUALS.**

8 (a) TAXES OF EMPLOYEES.—

1 (1) DEDUCTION ALLOWED IN ARRIVING AT AD-
 2 JUSTED GROSS INCOME.—Section 62(a) of the Inter-
 3 nal Revenue Code of 1986 (defining adjusted gross
 4 income) is amended by inserting after paragraph
 5 (17) the following new paragraph:

6 “(18) EMPLOYEES’ EMPLOYMENT TAXES.—The
 7 deduction allowed by section 164(g).”

8 (2) DETERMINATION OF DEDUCTION.—Section
 9 164 of such Code (relating to deduction for taxes)
 10 is amended by redesignating subsection (g) as sub-
 11 section (h) and by inserting after subsection (f) the
 12 following new subsection:

13 “(g) EMPLOYEES’ EMPLOYMENT TAXES.—

14 “(1) IN GENERAL.—In the case of an individ-
 15 ual, in addition to the taxes described in subsection
 16 (a), there shall be allowed as a deduction for the
 17 taxable year an amount equal to the sum of—

18 “(A) the taxes imposed by section 3101 for
 19 the taxable year, and

20 “(B) the taxes imposed by section 3201(a)
 21 for the taxable year.

22 “(2) SPECIAL RULE FOR CERTAIN AGREE-
 23 MENTS.—For purposes of paragraph (1), taxes im-
 24 posed by section 3101 shall include amounts equiva-

1 lent to such taxes imposed with respect to remunera-
 2 tion covered by—

3 “(A) an agreement under section 218 of
 4 the Social Security Act, or

5 “(B) an agreement under section 3121(l)
 6 (relating to agreements entered into by Amer-
 7 ican employers with respect to foreign affili-
 8 ates).

9 “(3) COORDINATION WITH SPECIAL REFUND OF
 10 SOCIAL SECURITY TAXES.—Taxes shall not be taken
 11 into account under paragraph (1) to the extent the
 12 taxpayer is entitled to a special refund of such taxes
 13 under section 6413(c).”

14 (3) CONFORMING AMENDMENT.—The next to
 15 last sentence of section 275(a) of such Code is
 16 amended by inserting “or 164(g)” after “164(f)”.

17 (b) DEDUCTION FOR SELF-EMPLOYED INDIVID-
 18 UALS.—

19 (1) IN GENERAL.—Paragraph (1) of section
 20 164(f) of the Internal Revenue Code of 1986 (relat-
 21 ing to deduction for one-half of self-employment
 22 taxes) is amended to read as follows:

23 “(1) IN GENERAL.—In the case of an individ-
 24 ual, in addition to the taxes described in subsection
 25 (a), there shall be allowed as a deduction for the

1 taxable year an amount equal to the taxes imposed
2 by section 1401 for such taxable year.”

3 (2) CONFORMING AMENDMENTS.—

4 (A) The heading for section 164(f) of such
5 Code is amended by striking “ONE-HALF OF”.

6 (B) Section 1402(a)(12) of such Code is
7 amended—

8 (i) by striking “one-half of”, and

9 (ii) by striking subparagraph (B) and
10 inserting:

11 “(B) a percentage equal to the sum for
12 such year of the rates of tax under section
13 1401;”.

14 (C) Clause (ii) of section 32(c)(2)(A) of
15 such Code is amended by inserting “one-half”
16 before “deduction”.

17 (D) Clause (vi) of section 401(c)(2) of
18 such Code is amended by inserting “only one-
19 half of” after “with regard to”.

20 (E) Paragraph (3) of section 832(c) of
21 such Code is amended by inserting “(other than
22 subsection (g))” after “section 164”.

23 (F) Paragraph (3) of section 834(c) of
24 such Code is amended by inserting “(other than
25 subsection (g))” after “section 164”.

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

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