

105TH CONGRESS
1ST SESSION

S. 593

To amend the Internal Revenue Code of 1986 to impose a flat tax only on individual taxable earned income and business taxable income, and for other purposes.

IN THE SENATE OF THE UNITED STATES

APRIL 16, 1997

Mr. SPECTER 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 impose a flat tax only on individual taxable earned income and business taxable income, 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; TABLE OF CONTENTS; AMEND-**
4 **MENT OF 1986 CODE.**

5 (a) SHORT TITLE.—This Act may be cited as the
6 “Flat Tax Act of 1997”.

7 (b) TABLE OF CONTENTS.—The table of contents for
8 this Act is as follows:

Sec. 1. Short title; table of contents; amendment of 1986 Code.

- Sec. 2. Flat tax on individual taxable earned income and business taxable income.
 Sec. 3. Repeal of estate and gift taxes.
 Sec. 4. Additional repeals.
 Sec. 5. Effective dates.

1 (c) AMENDMENT OF 1986 CODE.—Except as other-
 2 wise expressly provided, whenever in this Act an amend-
 3 ment or repeal is expressed in terms of an amendment
 4 to, or repeal of, a section or other provision, the reference
 5 shall be considered to be made to a section or other provi-
 6 sion of the Internal Revenue Code of 1986.

7 **SEC. 2. FLAT TAX ON INDIVIDUAL TAXABLE EARNED IN-**
 8 **COME AND BUSINESS TAXABLE INCOME.**

9 (a) IN GENERAL.—Subchapter A of chapter 1 of sub-
 10 title A is amended to read as follows:

11 **“Subchapter A—Determination of Tax**
 12 **Liability**

- “Part I. Tax on individuals.
 “Part II. Tax on business activities.

13 **“PART I—TAX ON INDIVIDUALS**

- “Sec. 1. Tax imposed.
 “Sec. 2. Standard deduction.
 “Sec. 3. Deduction for cash charitable contributions.
 “Sec. 4. Deduction for home acquisition indebtedness.
 “Sec. 5. Definitions and special rules.

14 **“SECTION 1. TAX IMPOSED.**

15 “(a) IMPOSITION OF TAX.—There is hereby imposed
 16 on every individual a tax equal to 20 percent of the taxable
 17 earned income of such individual.

1 “(b) TAXABLE EARNED INCOME.—For purposes of
2 this section, the term ‘taxable earned income’ means the
3 excess (if any) of—

4 “(1) the earned income received or accrued dur-
5 ing the taxable year, over

6 “(2) the sum of—

7 “(A) the standard deduction,

8 “(B) the deduction for cash charitable con-
9 tributions, and

10 “(C) the deduction for home acquisition in-
11 debtedness,

12 for such taxable year.

13 “(c) EARNED INCOME.—For purposes of this sec-
14 tion—

15 “(1) IN GENERAL.—The term ‘earned income’
16 means wages, salaries, or professional fees, and
17 other amounts received from sources within the
18 United States as compensation for personal services
19 actually rendered, but does not include that part of
20 compensation derived by the taxpayer for personal
21 services rendered by the taxpayer to a corporation
22 which represents a distribution of earnings or profits
23 rather than a reasonable allowance as compensation
24 for the personal services actually rendered.

1 “(2) TAXPAYER ENGAGED IN TRADE OR BUSI-
 2 NESS.—In the case of a taxpayer engaged in a trade
 3 or business in which both personal services and cap-
 4 ital are material income-producing factors, under
 5 regulations prescribed by the Secretary, a reasonable
 6 allowance as compensation for the personal services
 7 rendered by the taxpayer, not in excess of 30 per-
 8 cent of the taxpayer’s share of the net profits of
 9 such trade or business, shall be considered as earned
 10 income.

11 **“SEC. 2. STANDARD DEDUCTION.**

12 “(a) IN GENERAL.—For purposes of this subtitle, the
 13 term ‘standard deduction’ means the sum of—

14 “(1) the basic standard deduction, plus

15 “(2) the additional standard deduction.

16 “(b) BASIC STANDARD DEDUCTION.—For purposes
 17 of subsection (a), the basic standard deduction is—

18 “(1) \$17,500 in the case of—

19 “(A) a joint return, and

20 “(B) a surviving spouse (as defined in sec-
 21 tion 5(a)),

22 “(2) \$15,000 in the case of a head of household
 23 (as defined in section 5(b)), and

24 “(3) \$10,000 in the case of an individual—

1 “(A) who is not married and who is not a
2 surviving spouse or head of household, or

3 “(B) who is a married individual filing a
4 separate return.

5 “(c) ADDITIONAL STANDARD DEDUCTION.—For pur-
6 poses of subsection (a), the additional standard deduction
7 is \$5,000 for each dependent (as defined in section
8 5(d))—

9 “(1) whose earned income for the calendar year
10 in which the taxable year of the taxpayer begins is
11 less than the basic standard deduction specified in
12 subsection (b)(3), or

13 “(2) who is a child of the taxpayer and who—

14 “(A) has not attained the age of 19 at the
15 close of the calendar year in which the taxable
16 year of the taxpayer begins, or

17 “(B) is a student who has not attained the
18 age of 24 at the close of such calendar year.

19 “(d) INFLATION ADJUSTMENT.—

20 “(1) IN GENERAL.—In the case of any taxable
21 year beginning in a calendar year after 1997, each
22 dollar amount contained in subsections (b) and (c)
23 shall be increased by an amount equal to—

24 “(A) such dollar amount, multiplied by

1 “(B) the cost-of-living adjustment under
 2 section 1(f)(3) for the calendar year in which
 3 the taxable year begins, determined by sub-
 4 stituting ‘calendar year 1996’ for ‘calendar year
 5 1992’ in subparagraph (B) of such section.

6 “(2) ROUNDING.—If any increase determined
 7 under paragraph (1) is not a multiple of \$50, such
 8 amount shall be rounded to the next lowest multiple
 9 of \$50.

10 **“SEC. 3. DEDUCTION FOR CASH CHARITABLE CONTRIBU-**
 11 **TIONS.**

12 “(a) GENERAL RULE.—For purposes of this part,
 13 there shall be allowed as a deduction any charitable con-
 14 tribution (as defined in subsection (b)) not to exceed
 15 \$2,500 (\$1,250, in the case of a married individual filing
 16 a separate return), payment of which is made within the
 17 taxable year.

18 “(b) CHARITABLE CONTRIBUTION DEFINED.—For
 19 purposes of this section , the term ‘charitable contribution’
 20 means a contribution or gift of cash or its equivalent to
 21 or for the use of the following:

22 “(1) A State, a possession of the United States,
 23 or any political subdivision of any of the foregoing,
 24 or the United States or the District of Columbia,

1 but only if the contribution or gift is made for exclu-
2 sively public purposes.

3 “(2) A corporation, trust, or community chest,
4 fund, or foundation—

5 “(A) created or organized in the United
6 States or in any possession thereof, or under
7 the law of the United States, any State, the
8 District of Columbia, or any possession of the
9 United States;

10 “(B) organized and operated exclusively
11 for religious, charitable, scientific, literary, or
12 educational purposes, or to foster national or
13 international amateur sports competition (but
14 only if no part of its activities involve the provi-
15 sion of athletic facilities or equipment), or for
16 the prevention of cruelty to children or animals;

17 “(C) no part of the net earnings of which
18 inures to the benefit of any private shareholder
19 or individual; and

20 “(D) which is not disqualified for tax ex-
21emption under section 501(c)(3) by reason of
22 attempting to influence legislation, and which
23 does not participate in, or intervene in (includ-
24 ing the publishing or distributing of state-

1 ments), any political campaign on behalf of (or
2 in opposition to) any candidate for public office.

3 A contribution or gift by a corporation to a trust,
4 chest, fund, or foundation shall be deductible by rea-
5 son of this paragraph only if it is to be used within
6 the United States or any of its possessions exclu-
7 sively for purposes specified in subparagraph (B).
8 Rules similar to the rules of section 501(j) shall
9 apply for purposes of this paragraph.

10 “(3) A post or organization of war veterans, or
11 an auxiliary unit or society of, or trust or foundation
12 for, any such post or organization—

13 “(A) organized in the United States or any
14 of its possessions, and

15 “(B) no part of the net earnings of which
16 inures to the benefit of any private shareholder
17 or individual.

18 “(4) In the case of a contribution or gift by an
19 individual, a domestic fraternal society, order, or as-
20 sociation, operating under the lodge system, but only
21 if such contribution or gift is to be used exclusively
22 for religious, charitable, scientific, literary, or edu-
23 cational purposes, or for the prevention of cruelty to
24 children or animals.

1 “(5) A cemetery company owned and operated
 2 exclusively for the benefit of its members, or any
 3 corporation chartered solely for burial purposes as a
 4 cemetery corporation and not permitted by its char-
 5 ter to engage in any business not necessarily inci-
 6 dent to that purpose, if such company or corporation
 7 is not operated for profit and no part of the net
 8 earnings of such company or corporation inures to
 9 the benefit of any private shareholder or individual.
 10 For purposes of this section, the term ‘charitable contribu-
 11 tion’ also means an amount treated under subsection (d)
 12 as paid for the use of an organization described in para-
 13 graph (2), (3), or (4).

14 “(c) DISALLOWANCE OF DEDUCTION IN CERTAIN
 15 CASES AND SPECIAL RULES.—

16 “(1) SUBSTANTIATION REQUIREMENT FOR CER-
 17 TAIN CONTRIBUTIONS.—

18 “(A) GENERAL RULE.—No deduction shall
 19 be allowed under subsection (a) for any con-
 20 tribution of \$250 or more unless the taxpayer
 21 substantiates the contribution by a contempora-
 22 neous written acknowledgment of the contribu-
 23 tion by the donee organization that meets the
 24 requirements of subparagraph (B).

1 “(B) CONTENT OF ACKNOWLEDGMENT.—

2 An acknowledgment meets the requirements of
3 this subparagraph if it includes the following
4 information:

5 “(i) The amount of cash contributed.

6 “(ii) Whether the donee organization
7 provided any goods or services in consider-
8 ation, in whole or in part, for any contribu-
9 tion described in clause (i).

10 “(iii) A description and good faith es-
11 timate of the value of any goods or services
12 referred to in clause (ii) or, if such goods
13 or services consist solely of intangible reli-
14 gious benefits, a statement to that effect.

15 For purposes of this subparagraph, the term
16 ‘intangible religious benefit’ means any intangi-
17 ble religious benefit which is provided by an or-
18 ganization organized exclusively for religious
19 purposes and which generally is not sold in a
20 commercial transaction outside the donative
21 context.

22 “(C) CONTEMPORANEOUS.—For purposes
23 of subparagraph (A), an acknowledgment shall
24 be considered to be contemporaneous if the tax-

1 payer obtains the acknowledgment on or before
2 the earlier of—

3 “(i) the date on which the taxpayer
4 files a return for the taxable year in which
5 the contribution was made, or

6 “(ii) the due date (including exten-
7 sions) for filing such return.

8 “(D) SUBSTANTIATION NOT REQUIRED
9 FOR CONTRIBUTIONS REPORTED BY THE
10 DONEE ORGANIZATION.—Subparagraph (A)
11 shall not apply to a contribution if the donee
12 organization files a return, on such form and in
13 accordance with such regulations as the Sec-
14 retary may prescribe, which includes the infor-
15 mation described in subparagraph (B) with re-
16 spect to the contribution.

17 “(E) REGULATIONS.—The Secretary shall
18 prescribe such regulations as may be necessary
19 or appropriate to carry out the purposes of this
20 paragraph, including regulations that may pro-
21 vide that some or all of the requirements of this
22 paragraph do not apply in appropriate cases.

23 “(2) DENIAL OF DEDUCTION WHERE CON-
24 TRIBUTION FOR LOBBYING ACTIVITIES.—No deduc-
25 tion shall be allowed under this section for a con-

1 tribution to an organization which conducts activities
 2 to which section 11(d)(2)(C)(i) applies on matters of
 3 direct financial interest to the donor's trade or busi-
 4 ness, if a principal purpose of the contribution was
 5 to avoid Federal income tax by securing a deduction
 6 for such activities under this section which would be
 7 disallowed by reason of section 11(d)(2)(C) if the
 8 donor had conducted such activities directly. No de-
 9 duction shall be allowed under section 11(d) for any
 10 amount for which a deduction is disallowed under
 11 the preceding sentence.

12 “(d) AMOUNTS PAID TO MAINTAIN CERTAIN STU-
 13 DENTS AS MEMBERS OF TAXPAYER'S HOUSEHOLD.—

14 “(1) IN GENERAL.—Subject to the limitations
 15 provided by paragraph (2), amounts paid by the tax-
 16 payer to maintain an individual (other than a de-
 17 pendent, as defined in section 5(d), or a relative of
 18 the taxpayer) as a member of such taxpayer's house-
 19 hold during the period that such individual is—

20 “(A) a member of the taxpayer's household
 21 under a written agreement between the tax-
 22 payer and an organization described in para-
 23 graph (2), (3), or (4) of subsection (b) to imple-
 24 ment a program of the organization to provide

1 educational opportunities for pupils or students
2 in private homes, and

3 “(B) a full-time pupil or student in the
4 twelfth or any lower grade at an educational or-
5 ganization located in the United States which
6 normally maintains a regular faculty and cur-
7 riculum and normally has a regularly enrolled
8 body of pupils or students in attendance at the
9 place where its educational activities are regu-
10 larly carried on,

11 shall be treated as amounts paid for the use of the
12 organization.

13 “(2) LIMITATIONS.—

14 “(A) AMOUNT.—Paragraph (1) shall apply
15 to amounts paid within the taxable year only to
16 the extent that such amounts do not exceed \$50
17 multiplied by the number of full calendar
18 months during the taxable year which fall with-
19 in the period described in paragraph (1). For
20 purposes of the preceding sentence, if 15 or
21 more days of a calendar month fall within such
22 period such month shall be considered as a full
23 calendar month.

24 “(B) COMPENSATION OR REIMBURSE-
25 MENT.—Paragraph (1) shall not apply to any

1 amount paid by the taxpayer within the taxable
2 year if the taxpayer receives any money or
3 other property as compensation or reimburse-
4 ment for maintaining the individual in the tax-
5 payer's household during the period described
6 in paragraph (1).

7 “(3) RELATIVE DEFINED.—For purposes of
8 paragraph (1), the term ‘relative of the taxpayer’
9 means an individual who, with respect to the tax-
10 payer, bears any of the relationships described in
11 subparagraphs (A) through (H) of section 5(d)(1).

12 “(4) NO OTHER AMOUNT ALLOWED AS DEDUC-
13 TION.—No deduction shall be allowed under sub-
14 section (a) for any amount paid by a taxpayer to
15 maintain an individual as a member of the tax-
16 payer's household under a program described in
17 paragraph (1)(A) except as provided in this sub-
18 section.

19 “(e) DENIAL OF DEDUCTION FOR CERTAIN TRAVEL
20 EXPENSES.—No deduction shall be allowed under this sec-
21 tion for traveling expenses (including amounts expended
22 for meals and lodging) while away from home, whether
23 paid directly or by reimbursement, unless there is no sig-
24 nificant element of personal pleasure, recreation, or vaca-
25 tion in such travel.

1 “(f) DISALLOWANCE OF DEDUCTIONS IN CERTAIN
 2 CASES.—For disallowance of deductions for contributions
 3 to or for the use of Communist controlled organizations,
 4 see section 11(a) of the Internal Security Act of 1950 (50
 5 U.S.C. 790).

6 “(g) TREATMENT OF CERTAIN AMOUNTS PAID TO OR
 7 FOR THE BENEFIT OF INSTITUTIONS OF HIGHER EDU-
 8 CATION.—

9 “(1) IN GENERAL.—For purposes of this sec-
 10 tion, 80 percent of any amount described in para-
 11 graph (2) shall be treated as a charitable contribu-
 12 tion.

13 “(2) AMOUNT DESCRIBED.—For purposes of
 14 paragraph (1), an amount is described in this para-
 15 graph if—

16 “(A) the amount is paid by the taxpayer to
 17 or for the benefit of an educational organiza-
 18 tion—

19 “(i) which is described in subsection
 20 (d)(1)(B), and

21 “(ii) which is an institution of higher
 22 education (as defined in section 3304(f)),
 23 and

24 “(B) such amount would be allowable as a
 25 deduction under this section but for the fact

1 that the taxpayer receives (directly or indi-
2 rectly) as a result of paying such amount the
3 right to purchase tickets for seating at an ath-
4 letic event in an athletic stadium of such insti-
5 tution.

6 If any portion of a payment is for the purchase of
7 such tickets, such portion and the remaining portion
8 (if any) of such payment shall be treated as separate
9 amounts for purposes of this subsection.

10 “(h) OTHER CROSS REFERENCES.—

11 “(1) For treatment of certain organizations
12 providing child care, see section 501(k).

13 “(2) For charitable contributions of partners,
14 see section 702.

15 “(3) For treatment of gifts for benefit of or use
16 in connection with the Naval Academy as gifts to or
17 for the use of the United States, see section 6973
18 of title 10, United States Code.

19 “(4) For treatment of gifts accepted by the
20 Secretary of State, the Director of the International
21 Communication Agency, or the Director of the
22 United States International Development Coop-
23 eration Agency, as gifts to or for the use of the
24 United States, see section 25 of the State Depart-
25 ment Basic Authorities Act of 1956.

1 “(5) For treatment of gifts of money accepted
 2 by the Attorney General for credit to the ‘Com-
 3 missary Funds, Federal Prisons’ as gifts to or for
 4 the use of the United States, see section 4043 of
 5 title 18, United States Code.

6 “(6) For charitable contributions to or for the
 7 use of Indian tribal governments (or subdivisions of
 8 such governments), see section 7871.

9 **“SEC. 4. DEDUCTION FOR HOME ACQUISITION INDEBTED-**
 10 **NESS.**

11 “(a) GENERAL RULE.—For purposes of this part,
 12 there shall be allowed as a deduction all qualified residence
 13 interest paid or accrued within the taxable year.

14 “(b) QUALIFIED RESIDENCE INTEREST DEFINED.—
 15 The term ‘qualified residence interest’ means any interest
 16 which is paid or accrued during the taxable year on acqui-
 17 sition indebtedness with respect to any qualified residence
 18 of the taxpayer. For purposes of the preceding sentence,
 19 the determination of whether any property is a qualified
 20 residence of the taxpayer shall be made as of the time
 21 the interest is accrued.

22 “(c) ACQUISITION INDEBTEDNESS.—

23 “(1) IN GENERAL.—The term ‘acquisition in-
 24 debtedness’ means any indebtedness which—

1 “(A) is incurred in acquiring, constructing,
2 or substantially improving any qualified resi-
3 dence of the taxpayer, and

4 “(B) is secured by such residence.

5 Such term also includes any indebtedness secured by
6 such residence resulting from the refinancing of in-
7 debtedness meeting the requirements of the preced-
8 ing sentence (or this sentence); but only to the ex-
9 tent the amount of the indebtedness resulting from
10 such refinancing does not exceed the amount of the
11 refinanced indebtedness.

12 “(2) \$100,000 LIMITATION.—The aggregate
13 amount treated as acquisition indebtedness for any
14 period shall not exceed \$100,000 (\$50,000 in the
15 case of a married individual filing a separate re-
16 turn).

17 “(d) TREATMENT OF INDEBTEDNESS INCURRED ON
18 OR BEFORE OCTOBER 13, 1987.—

19 “(1) IN GENERAL.—In the case of any pre-Oc-
20 tober 13, 1987, indebtedness—

21 “(A) such indebtedness shall be treated as
22 acquisition indebtedness, and

23 “(B) the limitation of subsection (b)(2)
24 shall not apply.

1 “(2) REDUCTION IN \$100,000 LIMITATION.—The
 2 limitation of subsection (b)(2) shall be reduced (but
 3 not below zero) by the aggregate amount of out-
 4 standing pre-October 13, 1987, indebtedness.

5 “(3) PRE-OCTOBER 13, 1987, INDEBTEDNESS.—
 6 The term ‘pre-October 13, 1987, indebtedness’
 7 means—

8 “(A) any indebtedness which was incurred
 9 on or before October 13, 1987, and which was
 10 secured by a qualified residence on October 13,
 11 1987, and at all times thereafter before the in-
 12 terest is paid or accrued, or

13 “(B) any indebtedness which is secured by
 14 the qualified residence and was incurred after
 15 October 13, 1987, to refinance indebtedness de-
 16 scribed in subparagraph (A) (or refinanced in-
 17 debtedness meeting the requirements of this
 18 subparagraph) to the extent (immediately after
 19 the refinancing) the principal amount of the in-
 20 debtedness resulting from the refinancing does
 21 not exceed the principal amount of the refi-
 22 nanced indebtedness (immediately before the re-
 23 financing).

1 “(4) LIMITATION ON PERIOD OF REFINANC-
 2 ING.—Subparagraph (B) of paragraph (3) shall not
 3 apply to any indebtedness after—

4 “(A) the expiration of the term of the in-
 5 debtedness described in paragraph (3)(A), or

6 “(B) if the principal of the indebtedness
 7 described in paragraph (3)(A) is not amortized
 8 over its term, the expiration of the term of the
 9 first refinancing of such indebtedness (or if ear-
 10 lier, the date which is 30 years after the date
 11 of such first refinancing).

12 “(e) OTHER DEFINITIONS AND SPECIAL RULES.—
 13 For purposes of this section—

14 “(1) QUALIFIED RESIDENCE.—For purposes of
 15 this subsection—

16 “(A) IN GENERAL.—Except as provided in
 17 subparagraph (C), the term ‘qualified residence’
 18 means the principal residence of the taxpayer.

19 “(B) MARRIED INDIVIDUALS FILING SEPA-
 20 RATE RETURNS.—If a married couple does not
 21 file a joint return for the taxable year—

22 “(i) such couple shall be treated as 1
 23 taxpayer for purposes of subparagraph
 24 (A), and

1 “(ii) each individual shall be entitled
 2 to take into account $\frac{1}{2}$ of the principal
 3 residence unless both individuals consent
 4 in writing to 1 individual taking into ac-
 5 count the principal residence.

6 “(C) PRE-OCTOBER 13, 1987, INDEBTED-
 7 NESS.—In the case of any pre-October 13,
 8 1987, indebtedness, the term ‘qualified resi-
 9 dence’ has the meaning given that term in sec-
 10 tion 163(h)(4), as in effect on the day before
 11 the date of enactment of this subparagraph.

12 “(2) SPECIAL RULE FOR COOPERATIVE HOUS-
 13 ING CORPORATIONS.—Any indebtedness secured by
 14 stock held by the taxpayer as a tenant-stockholder in
 15 a cooperative housing corporation shall be treated as
 16 secured by the house or apartment which the tax-
 17 payer is entitled to occupy as such a tenant-stock-
 18 holder. If stock described in the preceding sentence
 19 may not be used to secure indebtedness, indebted-
 20 ness shall be treated as so secured if the taxpayer
 21 establishes to the satisfaction of the Secretary that
 22 such indebtedness was incurred to acquire such
 23 stock.

24 “(3) UNENFORCEABLE SECURITY INTERESTS.—
 25 Indebtedness shall not fail to be treated as secured

1 by any property solely because, under any applicable
 2 State or local homestead or other debtor protection
 3 law in effect on August 16, 1986, the security inter-
 4 est is ineffective or the enforceability of the security
 5 interest is restricted.

6 “(4) SPECIAL RULES FOR ESTATES AND
 7 TRUSTS.—For purposes of determining whether any
 8 interest paid or accrued by an estate or trust is
 9 qualified residence interest, any residence held by
 10 such estate or trust shall be treated as a qualified
 11 residence of such estate or trust if such estate or
 12 trust establishes that such residence is a qualified
 13 residence of a beneficiary who has a present interest
 14 in such estate or trust or an interest in the residu-
 15 ary of such estate or trust.

16 **“SEC. 5. DEFINITIONS AND SPECIAL RULES.**

17 “(a) DEFINITION OF SURVIVING SPOUSE.—

18 “(1) IN GENERAL.—For purposes of this part,
 19 the term ‘surviving spouse’ means a taxpayer—

20 “(A) whose spouse died during either of
 21 the taxpayer’s 2 taxable years immediately pre-
 22 ceding the taxable year, and

23 “(B) who maintains as the taxpayer’s
 24 home a household which constitutes for the tax-

1 able year the principal place of abode (as a
2 member of such household) of a dependent—

3 “(i) who (within the meaning of sub-
4 section (d)) is a son, stepson, daughter, or
5 stepdaughter of the taxpayer, and

6 “(ii) with respect to whom the tax-
7 payer is entitled to a deduction for the tax-
8 able year under section 2.

9 For purposes of this paragraph, an individual shall
10 be considered as maintaining a household only if
11 over one-half of the cost of maintaining the house-
12 hold during the taxable year is furnished by such in-
13 dividual.

14 “(2) LIMITATIONS.—Notwithstanding para-
15 graph (1), for purposes of this part a taxpayer shall
16 not be considered to be a surviving spouse—

17 “(A) if the taxpayer has remarried at any
18 time before the close of the taxable year, or

19 “(B) unless, for the taxpayer’s taxable
20 year during which the taxpayer’s spouse died, a
21 joint return could have been made under the
22 provisions of section 6013 (without regard to
23 subsection (a)(3) thereof).

24 “(3) SPECIAL RULE WHERE DECEASED SPOUSE
25 WAS IN MISSING STATUS.—If an individual was in a

1 missing status (within the meaning of section
 2 6013(f)(3)) as a result of service in a combat zone
 3 and if such individual remains in such status until
 4 the date referred to in subparagraph (A) or (B),
 5 then, for purposes of paragraph (1)(A), the date on
 6 which such individual dies shall be treated as the
 7 earlier of the date determined under subparagraph
 8 (A) or the date determined under subparagraph (B):

9 “(A) The date on which the determination
 10 is made under section 556 of title 37 of the
 11 United States Code or under section 5566 of
 12 title 5 of such Code (whichever is applicable)
 13 that such individual died while in such missing
 14 status.

15 “(B) Except in the case of the combat
 16 zone designated for purposes of the Vietnam
 17 conflict, the date which is 2 years after the date
 18 designated as the date of termination of com-
 19 batant activities in that zone.

20 “(b) DEFINITION OF HEAD OF HOUSEHOLD.—

21 “(1) IN GENERAL.—For purposes of this part,
 22 an individual shall be considered a head of a house-
 23 hold if, and only if, such individual is not married
 24 at the close of such individual’s taxable year, is not

1 a surviving spouse (as defined in subsection (a)),
2 and either—

3 “(A) maintains as such individual’s home a
4 household which constitutes for more than one-
5 half of such taxable year the principal place of
6 abode, as a member of such household, of—

7 “(i) a son, stepson, daughter, or step-
8 daughter of the taxpayer, or a descendant
9 of a son or daughter of the taxpayer, but
10 if such son, stepson, daughter, step-
11 daughter, or descendant is married at the
12 close of the taxpayer’s taxable year, only if
13 the taxpayer is entitled to a deduction for
14 the taxable year for such person under sec-
15 tion 2 (or would be so entitled but for sub-
16 paragraph (B) or (D) of subsection
17 (d)(5)), or

18 “(ii) any other person who is a de-
19 pendent of the taxpayer, if the taxpayer is
20 entitled to a deduction for the taxable year
21 for such person under section 2, or

22 “(B) maintains a household which con-
23 stitutes for such taxable year the principal place
24 of abode of the father or mother of the tax-
25 payer, if the taxpayer is entitled to a deduction

1 for the taxable year for such father or mother
2 under section 2.

3 For purposes of this paragraph, an individual shall
4 be considered as maintaining a household only if
5 over one-half of the cost of maintaining the house-
6 hold during the taxable year is furnished by such in-
7 dividual.

8 “(2) DETERMINATION OF STATUS.—For pur-
9 poses of this subsection—

10 “(A) a legally adopted child of a person
11 shall be considered a child of such person by
12 blood;

13 “(B) an individual who is legally separated
14 from such individual’s spouse under a decree of
15 divorce or of separate maintenance shall not be
16 considered as married;

17 “(C) a taxpayer shall be considered as not
18 married at the close of such taxpayer’s taxable
19 year if at any time during the taxable year such
20 taxpayer’s spouse is a nonresident alien; and

21 “(D) a taxpayer shall be considered as
22 married at the close of such taxpayer’s taxable
23 year if such taxpayer’s spouse (other than a
24 spouse described in subparagraph (C)) died
25 during the taxable year.

1 “(3) LIMITATIONS.—Notwithstanding para-
 2 graph (1), for purposes of this part, a taxpayer shall
 3 not be considered to be a head of a household—

4 “(A) if at any time during the taxable year
 5 the taxpayer is a nonresident alien; or

6 “(B) by reason of an individual who would
 7 not be a dependent for the taxable year but
 8 for—

9 “(i) subparagraph (I) of subsection
 10 (d)(1), or

11 “(ii) paragraph (3) of subsection (d).

12 “(c) CERTAIN MARRIED INDIVIDUALS LIVING
 13 APART.—For purposes of this part, an individual shall be
 14 treated as not married at the close of the taxable year
 15 if such individual is so treated under the provisions of sec-
 16 tion 7703(b).

17 “(d) DEPENDENT DEFINED.—

18 “(1) GENERAL DEFINITION.—For purposes of
 19 this part, the term ‘dependent’ means any of the fol-
 20 lowing individuals over one-half of whose support,
 21 for the calendar year in which the taxable year of
 22 the taxpayer begins, was received from the taxpayer
 23 (or is treated under paragraph (3) or (5) as received
 24 from the taxpayer):

1 “(A) A son or daughter of the taxpayer, or
2 a descendant of either.

3 “(B) A stepson or stepdaughter of the tax-
4 payer.

5 “(C) A brother, sister, stepbrother, or
6 stepsister of the taxpayer.

7 “(D) The father or mother of the taxpayer,
8 or an ancestor of either.

9 “(E) A stepfather or stepmother of the
10 taxpayer.

11 “(F) A son or daughter of a brother or sis-
12 ter of the taxpayer.

13 “(G) A brother or sister of the father or
14 mother of the taxpayer.

15 “(H) A son-in-law, daughter-in-law, father-
16 in-law, mother-in-law, brother-in-law, or sister-
17 in-law of the taxpayer.

18 “(I) An individual (other than an individ-
19 ual who at any time during the taxable year
20 was the spouse, determined without regard to
21 section 7703, of the taxpayer) who, for the tax-
22 able year of the taxpayer, has as such individ-
23 ual’s principal place of abode the home of the
24 taxpayer and is a member of the taxpayer’s
25 household.

1 “(2) RULES RELATING TO GENERAL DEFINI-
2 TION.—For purposes of this section—

3 “(A) BROTHER; SISTER.—The terms
4 ‘brother’ and ‘sister’ include a brother or sister
5 by the halfblood.

6 “(B) CHILD.—In determining whether any
7 of the relationships specified in paragraph (1)
8 or subparagraph (A) of this paragraph exists, a
9 legally adopted child of an individual (and a
10 child who is a member of an individual’s house-
11 hold, if placed with such individual by an au-
12 thorized placement agency for legal adoption by
13 such individual), or a foster child of an individ-
14 ual (if such child satisfies the requirements of
15 paragraph (1)(I) with respect to such individ-
16 ual), shall be treated as a child of such individ-
17 ual by blood.

18 “(C) CITIZENSHIP.—The term ‘dependent’
19 does not include any individual who is not a cit-
20 izen or national of the United States unless
21 such individual is a resident of the United
22 States or of a country contiguous to the United
23 States. The preceding sentence shall not ex-
24 clude from the definition of ‘dependent’ any
25 child of the taxpayer legally adopted by such

1 taxpayer, if, for the taxable year of the tax-
 2 payer, the child has as such child's principal
 3 place of abode the home of the taxpayer and is
 4 a member of the taxpayer's household, and
 5 if the taxpayer is a citizen or national of the
 6 United States.

7 “(D) ALIMONY, ETC.—A payment to a wife
 8 which is alimony or separate maintenance shall
 9 not be treated as a payment by the wife's hus-
 10 band for the support of any dependent.

11 “(E) UNLAWFUL ARRANGEMENTS.—An in-
 12 dividual is not a member of the taxpayer's
 13 household if at any time during the taxable
 14 year of the taxpayer the relationship between
 15 such individual and the taxpayer is in violation
 16 of local law.

17 “(3) MULTIPLE SUPPORT AGREEMENTS.—For
 18 purposes of paragraph (1), over one-half of the sup-
 19 port of an individual for a calendar year shall be
 20 treated as received from the taxpayer if—

21 “(A) no one person contributed over one-
 22 half of such support;

23 “(B) over one-half of such support was re-
 24 ceived from persons each of whom, but for the
 25 fact that such person did not contribute over

1 one-half of such support, would have been enti-
 2 tled to claim such individual as a dependent for
 3 a taxable year beginning in such calendar year;

4 “(C) the taxpayer contributed over 10 per-
 5 cent of such support; and

6 “(D) each person described in subpara-
 7 graph (B) (other than the taxpayer) who con-
 8 tributed over 10 percent of such support files a
 9 written declaration (in such manner and form
 10 as the Secretary may by regulations prescribe)
 11 that such person will not claim such individual
 12 as a dependent for any taxable year beginning
 13 in such calendar year.

14 “(4) SPECIAL SUPPORT TEST IN CASE OF STU-
 15 DENTS.—For purposes of paragraph (1), in the case
 16 of any individual who is—

17 “(A) a son, stepson, daughter, or step-
 18 daughter of the taxpayer (within the meaning
 19 of this subsection), and

20 “(B) a student,
 21 amounts received as scholarships for study at an
 22 educational organization described in section
 23 3(d)(1)(B) shall not be taken into account in deter-
 24 mining whether such individual received more than

1 one-half of such individual's support from the tax-
 2 payer.

3 “(5) SUPPORT TEST IN CASE OF CHILD OF DI-
 4 VORCED PARENTS, ETC.—

5 “(A) CUSTODIAL PARENT GETS EXEMP-
 6 TION.—Except as otherwise provided in this
 7 paragraph, if—

8 “(i) a child receives over one-half of
 9 such child's support during the calendar
 10 year from such child's parents—

11 “(I) who are divorced or legally
 12 separated under a decree of divorce or
 13 separate maintenance,

14 “(II) who are separated under a
 15 written separation agreement, or

16 “(III) who live apart at all times
 17 during the last 6 months of the cal-
 18 endar year, and

19 “(ii) such child is in the custody of 1
 20 or both of such child's parents for more
 21 than one-half of the calendar year,

22 such child shall be treated, for purposes of
 23 paragraph (1), as receiving over one-half of
 24 such child's support during the calendar year
 25 from the parent having custody for a greater

1 portion of the calendar year (hereafter in this
2 paragraph referred to as the ‘custodial parent’).

3 “(B) EXCEPTION WHERE CUSTODIAL PAR-
4 ENT RELEASES CLAIM TO EXEMPTION FOR THE
5 YEAR.—A child of parents described in sub-
6 paragraph (A) shall be treated as having re-
7 ceived over one-half of such child’s support dur-
8 ing a calendar year from the noncustodial par-
9 ent if—

10 “(i) the custodial parent signs a writ-
11 ten declaration (in such manner and form
12 as the Secretary may by regulations pre-
13 scribe) that such custodial parent will not
14 claim such child as a dependent for any
15 taxable year beginning in such calendar
16 year, and

17 “(ii) the noncustodial parent attaches
18 such written declaration to the noncusto-
19 dial parent’s return for the taxable year
20 beginning during such calendar year.

21 For purposes of this paragraph, the term ‘non-
22 custodial parent’ means the parent who is not
23 the custodial parent.

24 “(C) EXCEPTION FOR MULTIPLE-SUPPORT
25 AGREEMENT.—This paragraph shall not apply

1 in any case where over one-half of the support
 2 of the child is treated as having been received
 3 from a taxpayer under the provisions of para-
 4 graph (3).

5 “(D) EXCEPTION FOR CERTAIN PRE-1985
 6 INSTRUMENTS.—

7 “(i) IN GENERAL.—A child of parents
 8 described in subparagraph (A) shall be
 9 treated as having received over one-half
 10 such child’s support during a calendar year
 11 from the noncustodial parent if—

12 “(I) a qualified pre-1985 instru-
 13 ment between the parents applicable
 14 to the taxable year beginning in such
 15 calendar year provides that the non-
 16 custodial parent shall be entitled to
 17 any deduction allowable under section
 18 2 for such child, and

19 “(II) the noncustodial parent
 20 provides at least \$600 for the support
 21 of such child during such calendar
 22 year.

23 For purposes of this clause, amounts ex-
 24 pended for the support of a child or chil-
 25 dren shall be treated as received from the

1 noncustodial parent to the extent that such
 2 parent provided amounts for such support.

3 “(ii) QUALIFIED PRE-1985 INSTRU-
 4 MENT.—For purposes of this subpara-
 5 graph, the term ‘qualified pre-1985 instru-
 6 ment’ means any decree of divorce or sepa-
 7 rate maintenance or written agreement—

8 “(I) which is executed before
 9 January 1, 1985,

10 “(II) which on such date contains
 11 the provision described in clause
 12 (i)(I), and

13 “(III) which is not modified on
 14 or after such date in a modification
 15 which expressly provides that this sub-
 16 paragraph shall not apply to such de-
 17 cree or agreement.

18 “(E) SPECIAL RULE FOR SUPPORT RE-
 19 CEIVED FROM NEW SPOUSE OF PARENT.—For
 20 purposes of this paragraph, in the case of the
 21 remarriage of a parent, support of a child re-
 22 ceived from the parent’s spouse shall be treated
 23 as received from the parent.

24 **“PART II—TAX ON BUSINESS ACTIVITIES**

“Sec. 11. Tax imposed on business activities.

1 **“SEC. 11. TAX IMPOSED ON BUSINESS ACTIVITIES.**

2 “(a) TAX IMPOSED.—There is hereby imposed on
3 every person engaged in a business activity located in the
4 United States a tax equal to 20 percent of the business
5 taxable income of such person.

6 “(b) LIABILITY FOR TAX.—The tax imposed by this
7 section shall be paid by the person engaged in the business
8 activity, whether such person is an individual, partnership,
9 corporation, or otherwise.

10 “(c) BUSINESS TAXABLE INCOME.—

11 “(1) IN GENERAL.—For purposes of this sec-
12 tion, the term ‘business taxable income’ means gross
13 active income reduced by the deductions specified in
14 subsection (d).

15 “(2) GROSS ACTIVE INCOME.—For purposes of
16 paragraph (1), the term ‘gross active income’ means
17 gross income other than investment income.

18 “(d) DEDUCTIONS.—

19 “(1) IN GENERAL.—The deductions specified in
20 this subsection are—

21 “(A) the cost of business inputs for the
22 business activity,

23 “(B) the compensation (including contribu-
24 tions to qualified retirement plans but not in-
25 cluding other fringe benefits) paid for employ-
26 ees performing services in such activity, and

1 “(C) the cost of personal and real property
2 used in such activity.

3 “(2) BUSINESS INPUTS.—

4 “(A) IN GENERAL.—For purposes of para-
5 graph (1)(A), the term ‘cost of business inputs’
6 means—

7 “(i) the actual cost of goods, services,
8 and materials, whether or not resold dur-
9 ing the taxable year, and

10 “(ii) the actual cost, if reasonable, of
11 travel and entertainment expenses for busi-
12 ness purposes.

13 “(B) PURCHASES OF GOODS AND SERV-
14 ICES EXCLUDED.—Such term shall not include
15 purchases of goods and services provided to em-
16 ployees or owners.

17 “(C) CERTAIN LOBBYING AND POLITICAL
18 EXPENDITURES EXCLUDED.—

19 “(i) IN GENERAL.—Such term shall
20 not include any amount paid or incurred in
21 connection with—

22 “(I) influencing legislation,

23 “(II) participation in, or inter-
24 vention in, any political campaign on

1 behalf of (or in opposition to) any
2 candidate for public office,

3 “(III) any attempt to influence
4 the general public, or segments there-
5 of, with respect to elections, legislative
6 matters, or referendums, or

7 “(IV) any direct communication
8 with a covered executive branch offi-
9 cial in an attempt to influence the of-
10 ficial actions or positions of such offi-
11 cial.

12 “(ii) EXCEPTION FOR LOCAL LEGISLA-
13 TION.—In the case of any legislation of
14 any local council or similar governing
15 body—

16 “(I) clause (i)(I) shall not apply,
17 and

18 “(II) such term shall include all
19 ordinary and necessary expenses (in-
20 cluding, but not limited to, traveling
21 expenses described in subparagraph
22 (A)(iii) and the cost of preparing tes-
23 timony) paid or incurred during the
24 taxable year in carrying on any trade
25 or business—

1 “(aa) in direct connection
2 with appearances before, submis-
3 sion of statements to, or sending
4 communications to the commit-
5 tees, or individual members, of
6 such council or body with respect
7 to legislation or proposed legisla-
8 tion of direct interest to the tax-
9 payer, or

10 “(bb) in direct connection
11 with communication of informa-
12 tion between the taxpayer and an
13 organization of which the tax-
14 payer is a member with respect
15 to any such legislation or pro-
16 posed legislation which is of di-
17 rect interest to the taxpayer and
18 to such organization, and that
19 portion of the dues so paid or in-
20 curred with respect to any orga-
21 nization of which the taxpayer is
22 a member which is attributable
23 to the expenses of the activities
24 carried on by such organization.

1 “(iii) APPLICATION TO DUES OF TAX-
 2 EXEMPT ORGANIZATIONS.—Such term
 3 shall include the portion of dues or other
 4 similar amounts paid by the taxpayer to an
 5 organization which is exempt from tax
 6 under this subtitle which the organization
 7 notifies the taxpayer under section
 8 6033(e)(1)(A)(ii) is allocable to expendi-
 9 tures to which clause (i) applies.

10 “(iv) INFLUENCING LEGISLATION.—
 11 For purposes of this subparagraph—

12 “(I) IN GENERAL.—The term ‘in-
 13 fluencing legislation’ means any at-
 14 tempt to influence any legislation
 15 through communication with any
 16 member or employee of a legislative
 17 body, or with any government official
 18 or employee who may participate in
 19 the formulation of legislation.

20 “(II) LEGISLATION.—The term
 21 ‘legislation’ has the meaning given
 22 that term in section 4911(e)(2).

23 “(v) OTHER SPECIAL RULES.—

24 “(I) EXCEPTION FOR CERTAIN
 25 TAXPAYERS.—In the case of any tax-

1 payer engaged in the trade or busi-
2 ness of conducting activities described
3 in clause (i), clause (i) shall not apply
4 to expenditures of the taxpayer in
5 conducting such activities directly on
6 behalf of another person (but shall
7 apply to payments by such other per-
8 son to the taxpayer for conducting
9 such activities).

10 “(II) DE MINIMIS EXCEPTION.—

11 “(aa) IN GENERAL.—Clause
12 (i) shall not apply to any in-
13 house expenditures for any tax-
14 able year if such expenditures do
15 not exceed \$2,000. In determin-
16 ing whether a taxpayer exceeds
17 the \$2,000 limit, there shall not
18 be taken into account overhead
19 costs otherwise allocable to activi-
20 ties described in subclauses (I)
21 and (IV) of clause (i).

22 “(bb) IN-HOUSE EXPENDI-
23 TURES.—For purposes of provi-
24 sion (aa), the term ‘in-house ex-
25 penditures’ means expenditures

1 described in subclauses (I) and
2 (IV) of clause (i) other than pay-
3 ments by the taxpayer to a per-
4 son engaged in the trade or busi-
5 ness of conducting activities de-
6 scribed in clause (i) for the con-
7 duct of such activities on behalf
8 of the taxpayer, or dues or other
9 similar amounts paid or incurred
10 by the taxpayer which are alloca-
11 ble to activities described in
12 clause (i).

13 “(III) EXPENSES INCURRED IN
14 CONNECTION WITH LOBBYING AND
15 POLITICAL ACTIVITIES.—Any amount
16 paid or incurred for research for, or
17 preparation, planning, or coordination
18 of, any activity described in clause (i)
19 shall be treated as paid or incurred in
20 connection with such activity.

21 “(vi) COVERED EXECUTIVE BRANCH
22 OFFICIAL.—For purposes of this subpara-
23 graph, the term ‘covered executive branch
24 official’ means—

25 “(I) the President,

1 “(II) the Vice President,

2 “(III) any officer or employee of
3 the White House Office of the Execu-
4 tive Office of the President, and the 2
5 most senior level officers of each of
6 the other agencies in such Executive
7 Office, and

8 “(IV) any individual serving in a
9 position in level I of the Executive
10 Schedule under section 5312 of title
11 5, United States Code, any other indi-
12 vidual designated by the President as
13 having Cabinet level status, and any
14 immediate deputy of such an individ-
15 ual.

16 “(vii) SPECIAL RULE FOR INDIAN
17 TRIBAL GOVERNMENTS.—For purposes of
18 this subparagraph, an Indian tribal gov-
19 ernment shall be treated in the same man-
20 ner as a local council or similar governing
21 body.

22 “(viii) CROSS REFERENCE.—

**“For reporting requirements and alternative taxes
related to this subsection, see section 6033(e).**

23 “(e) CARRYOVER OF EXCESS DEDUCTIONS.—

1 “(1) IN GENERAL.—If the aggregate deductions
 2 for any taxable year exceed the gross active income
 3 for such taxable year, the amount of the deductions
 4 specified in subsection (d) for the succeeding taxable
 5 year (determined without regard to this subsection)
 6 shall be increased by the sum of—

7 “(A) such excess, plus

8 “(B) the product of such excess and the 3-
 9 month Treasury rate for the last month of such
 10 taxable year.

11 “(2) 3-MONTH TREASURY RATE.—For purposes
 12 of paragraph (1), the 3-month Treasury rate is the
 13 rate determined by the Secretary based on the aver-
 14 age market yield (during any 1-month period se-
 15 lected by the Secretary and ending in the calendar
 16 month in which the determination is made) on out-
 17 standing marketable obligations of the United States
 18 with remaining periods to maturity of 3 months or
 19 less.”

20 (b) CONFORMING REPEALS AND REDESIGNATIONS.—

21 (1) REPEALS.—The following subchapters of
 22 chapter 1 of subtitle A and the items relating to
 23 such subchapters in the table of subchapters for
 24 such chapter 1 are repealed:

1 (A) Subchapter B (relating to computation
2 of taxable income).

3 (B) Subchapter C (relating to corporate
4 distributions and adjustments).

5 (C) Subchapter D (relating to deferred
6 compensation, etc.).

7 (D) Subchapter G (relating to corporations
8 used to avoid income tax on shareholders).

9 (E) Subchapter H (relating to banking in-
10 stitutions).

11 (F) Subchapter I (relating to natural re-
12 sources).

13 (G) Subchapter J (relating to estates,
14 trusts, beneficiaries, and decedents).

15 (H) Subchapter L (relating to insurance
16 companies).

17 (I) Subchapter M (relating to regulated in-
18 vestment companies and real estate investment
19 trusts).

20 (J) Subchapter N (relating to tax based on
21 income from sources within or without the
22 United States).

23 (K) Subchapter O (relating to gain or loss
24 on disposition of property).

1 (L) Subchapter P (relating to capital gains
2 and losses).

3 (M) Subchapter Q (relating to readjust-
4 ment of tax between years and special limita-
5 tions).

6 (N) Subchapter S (relating to tax treat-
7 ment of S corporations and their shareholders).

8 (O) Subchapter T (relating to cooperatives
9 and their patrons).

10 (P) Subchapter U (relating to designation
11 and treatment of empowerment zones, enter-
12 prise communities, and rural development in-
13 vestment areas).

14 (Q) Subchapter V (relating to title 11
15 cases).

16 (2) REDESIGNATIONS.—The following sub-
17 chapters of chapter 1 of subtitle A and the items re-
18 lating to such subchapters in the table of sub-
19 chapters for such chapter 1 are redesignated:

20 (A) Subchapter E (relating to accounting
21 periods and methods of accounting) as sub-
22 chapter B.

23 (B) Subchapter F (relating to exempt or-
24 ganizations) as subchapter C.

1 (C) Subchapter K (relating to partners
2 and partnerships) as subchapter D.

3 **SEC. 3. REPEAL OF ESTATE AND GIFT TAXES.**

4 Subtitle B (relating to estate, gift, and generation-
5 skipping taxes) and the item relating to such subtitle in
6 the table of subtitles is repealed.

7 **SEC. 4. ADDITIONAL REPEALS.**

8 Subtitles H (relating to financing of presidential elec-
9 tion campaigns) and J (relating to coal industry health
10 benefits) and the items relating to such subtitles in the
11 table of subtitles are repealed.

12 **SEC. 5. EFFECTIVE DATES.**

13 (a) IN GENERAL.—Except as provided in subsection
14 (b), the amendments made by this Act apply to taxable
15 years beginning after December 31, 1997.

16 (b) REPEAL OF ESTATE AND GIFT TAXES.—The re-
17 peal made by section 3 applies to estates of decedents
18 dying, and transfers made, after December 31, 1997.

19 (c) TECHNICAL AND CONFORMING CHANGES.—The
20 Secretary of the Treasury or the Secretary's delegate
21 shall, as soon as practicable but in any event not later
22 than 90 days after the date of enactment of this Act, sub-
23 mit to the Committee on Ways and Means of the House
24 of Representatives and the Committee on Finance of the
25 Senate a draft of any technical and conforming changes

1 in the Internal Revenue Code of 1986 which are necessary
2 to reflect throughout such Code the changes in the sub-
3 stantive provisions of law made by this Act.

○