

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.

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## 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

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## 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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