

107TH CONGRESS  
1ST SESSION

# H. R. 493

To amend the Internal Revenue Code of 1986 to allow individuals a refundable credit against income tax for payroll taxes.

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IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 7, 2001

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

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## A BILL

To amend the Internal Revenue Code of 1986 to allow individuals a refundable credit against income tax for payroll taxes.

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. REFUNDABLE CREDIT FOR PAYROLL TAXES.**

4       (a) IN GENERAL.—Subpart C of part IV of sub-  
5       chapter A of chapter 1 of the Internal Revenue Code of  
6       1986 (relating to refundable credits) is amended by redес-  
7       ignating section 35 as section 36 and by inserting after  
8       section 34 the following new section:

1 **“SEC. 35. CREDIT FOR PAYROLL TAXES.**

2       “(a) IN GENERAL.—In the case of an individual,  
3 there shall be allowed as a credit against the tax imposed  
4 by this subtitle an amount equal to the taxpayer’s social  
5 security taxes for the taxable year.

6       “(b) LIMITATION.—The amount of the credit allow-  
7 able under subsection (a) to any taxpayer for any taxable  
8 year shall not exceed \$300 (\$600 in the case of a joint  
9 return).

10       “(c) SOCIAL SECURITY TAXES.—For purposes of this  
11 section—

12               “(1) IN GENERAL.—The term ‘social security  
13 taxes’ means, with respect to any taxpayer for any  
14 taxable year—

15                       “(A) the amount of the taxes imposed by  
16 subsections (a) and (b) of section 3101 on  
17 amounts received by the taxpayer during the  
18 calendar year in which the taxable year begins,

19                       “(B) the amount of the taxes imposed by  
20 section 3201(a) on amounts received by the tax-  
21 payer during the calendar year in which the  
22 taxable year begins,

23                       “(C) 50 percent of the taxes imposed by  
24 subsections (a) and (b) of section 1401 on the  
25 self-employment income of the taxpayer for the  
26 taxable year, and

1           “(D) 50 percent of the taxes imposed by  
 2           section 3211(a)(1) on amounts received by the  
 3           taxpayer during the calendar year in which the  
 4           taxable year begins.

5           “(2) COORDINATION WITH SPECIAL REFUND OF  
 6           SOCIAL SECURITY TAXES.—The term ‘social security  
 7           taxes’ shall not include any taxes to the extent the  
 8           taxpayer is entitled to a special refund of such taxes  
 9           under section 6413(c).

10          “(3) SPECIAL RULE.—Any amounts paid pursu-  
 11          ant to an agreement under section 3121(l) (relating  
 12          to agreements entered into by American employers  
 13          with respect to foreign affiliates) which are equiva-  
 14          lent to the taxes referred to in paragraph (1)(A)  
 15          shall be treated as taxes referred to in such para-  
 16          graph.”

17          (b) CONFORMING AMENDMENTS.—

18               (1) Paragraph (2) of section 1324(b) of title  
 19               31, United States Code, is amended by inserting be-  
 20               fore the period “, or from section 35 of such Code”.

21               (2) The table of sections for subpart C of part  
 22               IV of subchapter A of chapter 1 of such Code is  
 23               amended by striking the last item and inserting the  
 24               following new items:

                  “Sec. 35. Credit for payroll taxes.  
                   “Sec. 36. Overpayments of tax.”.

1       (c) EFFECTIVE DATE.—The amendments made by  
2 this section shall apply to taxable years beginning after  
3 December 31, 2000.

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