

108TH CONGRESS
1ST SESSION

H. R. 42

To amend the Internal Revenue Code of 1986 reduce individual capital gains rates.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 7, 2003

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

A BILL

To amend the Internal Revenue Code of 1986 reduce individual capital gains rates.

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 “Capital Gains Tax
5 Rate Reduction Act of 2003”.

6 **SEC. 2. REDUCTION IN CAPITAL GAINS RATES FOR INDIVID-**
7 **UALS.**

8 (a) IN GENERAL.—

9 (1) 10-PERCENT RATE REDUCED TO 5 PER-
10 CENT.—Subparagraph (B) of section 1(h) of the In-

1 ternal Revenue Code of 1986 (relating to general
 2 rule for maximum capital gains rate) is amended by
 3 striking “10 percent” and inserting “5 percent”.

4 (2) 20-PERCENT RATE REDUCED TO 10 PER-
 5 CENT.—Subparagraph (C) of section 1(h) of such
 6 Code is amended by striking “20 percent” and in-
 7 serting “10 percent”.

8 (3) CONFORMING AMENDMENTS.—

9 (A) Section 57(a)(7) of such Code is
 10 amended by striking the last sentence.

11 (B) Paragraph (1) of section 1445(e) of
 12 such Code is amended by striking “20 percent”
 13 and inserting “10 percent”.

14 (C) The second sentence of section
 15 7518(g)(6)(A), and the second sentence of sec-
 16 tion 607(h)(6)(A) of the Merchant Marine Act,
 17 1936, are each amended by striking “20 per-
 18 cent” and inserting “10 percent”.

19 (b) REPEAL OF REDUCED RATES FOR QUALIFIED 5-
 20 YEAR GAIN.—

21 (1) IN GENERAL.—Section 1(h) of such Code is
 22 amended by striking paragraph (2) and redesign-
 23 ating paragraphs (3) through (12) as paragraphs
 24 (2) through (11), respectively.

25 (2) CONFORMING AMENDMENTS.—

1 (A) Subparagraph (A)(ii) of section
 2 1(h)(6) of such Code, as redesignated by para-
 3 graph (1), is amended—

4 (i) in subclause (I) by striking “para-
 5 graph (5)(B)” and inserting “paragraph
 6 (4)(B)”, and

7 (ii) in subclause (II) by striking
 8 “paragraph (5)(A)” and inserting “para-
 9 graph (4)(A)”.

10 (B) Paragraph (9) of section 1(h) of such
 11 Code is amended by striking “paragraph
 12 (7)(A)(i)” and inserting “paragraph (6)(A)(i)”.

13 (c) MINIMUM TAX.—

14 (1) IN GENERAL.—

15 (A) 10-PERCENT RATE REDUCED TO 5
 16 PERCENT.—Subparagraph (B) of section
 17 55(b)(3) of such Code is amended by striking
 18 “10 percent” and inserting “5 percent”.

19 (B) 20-PERCENT RATE REDUCED TO 10
 20 PERCENT.—Subparagraph (C) of section
 21 55(b)(3) of such Code is amended by striking
 22 “20 percent” and inserting “10 percent”.

23 (2) CONFORMING AMENDMENT.—Paragraph (3)
 24 of section 55(b) of such Code is amended in the
 25 matter following subparagraph (D) by striking “In

1 the case of taxable years beginning after December
2 31, 2000, rules similar to the rules of section
3 1(h)(2) shall apply for purposes of subparagraphs
4 (B) and (C).”.

5 (d) EFFECTIVE DATES.—

6 (1) IN GENERAL.—Except as provided by para-
7 graph (2), the amendments made by this section
8 shall apply to taxable years beginning after Decem-
9 ber 31, 2002.

10 (2) WITHHOLDING.—The amendment made by
11 subsection (a)(3)(B) shall apply to amounts paid
12 after the date of the enactment of this Act.

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