

108TH CONGRESS  
2D SESSION

# H. R. 4841

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IN THE SENATE OF THE UNITED STATES

JULY 22, 2004

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Read twice and referred to the Committee on Finance

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## AN ACT

To amend the Internal Revenue Code of 1986 to simplify  
certain tax rules for individuals.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Tax Simplification for  
3 Americans Act of 2004”.

4 **SEC. 2. HEAD OF HOUSEHOLD FILING STATUS CHANGED TO**  
5 **SINGLE HEAD OF HOUSEHOLD.**

6 (a) IN GENERAL.—The following provisions of the In-  
7 ternal Revenue Code of 1986 are each amended by strik-  
8 ing “head of a household” each place it appears and in-  
9 serting “single head of household”:

10 (1) Subsection (b) of section 1.

11 (2) Paragraphs (1) and (3) of section 2(b).

12 (3) The table in section 25B(b).

13 (4) Clause (iii) of section 151(c)(6)(B).

14 (5) Clauses (ii) and (iii) of section  
15 151(d)(3)(C).

16 (6) Subparagraph (A) of section 6012(a)(1).

17 (b) OTHER CONFORMING AMENDMENTS.—

18 (1) Subparagraph (B) of section 63(c)(2) of  
19 such Code is amended by striking “head of house-  
20 hold” and inserting “single head of household”.

21 (2) Section 1 of such Code is amended—

22 (A) in the heading for subsection (b) by in-  
23 serting “SINGLE” before “HEADS” ,

24 (B) in subsection (c) by inserting “single”  
25 before “head”, and

1 (C) in the heading of subsection (c) by in-  
 2 serting “SINGLE” before “HEADS”.

3 (3) The heading for section 2(b) of such Code  
 4 is amended to read as follows: “DEFINITION OF SIN-  
 5 GLE HEAD OF HOUSEHOLD”.

6 (c) EFFECTIVE DATE.—The amendments made by  
 7 this section shall apply to taxable years beginning after  
 8 December 31, 2004.

9 **SEC. 3. EXPANDED AVAILABILITY OF 1040EZ AND 1040A.**

10 (a) IN GENERAL.—Chapter 77 of the Internal Rev-  
 11 enue Code of 1986 (relating to miscellaneous provisions)  
 12 is amended by adding at the end the following new section:

13 **“SEC. 7529. DOLLAR THRESHOLD FOR THE USE OF FORMS**  
 14 **1040EZ AND 1040A.**

15 “(a) IN GENERAL.—An individual shall not be ineli-  
 16 gible to use Form 1040EZ and Form 1040A for filing in-  
 17 dividual income tax returns on the basis of—

18 “(1) the amount of the taxpayer’s taxable inter-  
 19 est income, or

20 “(2) the amount of the taxpayer’s taxable in-  
 21 come,

22 so long as the taxpayer’s taxable income does not exceed  
 23 \$100,000.

24 “(b) INFLATION ADJUSTMENT.—In the case of any  
 25 taxable year beginning in a calendar year after 2004, the

1 \$100,000 dollar amount in subsection (a) shall be in-  
 2 creased by an amount equal to—

3 “(1) such dollar amount, multiplied by

4 “(2) the cost-of-living adjustment determined  
 5 under section 1(f)(3) for such calendar year by sub-  
 6 stituting ‘calendar year 2003’ for ‘calendar year  
 7 1992’ in subparagraph (B) thereof.

8 If any amount as adjusted under the preceding sentence  
 9 is not a multiple of \$10,000, such amount shall be round-  
 10 ed to the nearest multiple of \$10,000.”.

11 (b) CLERICAL AMENDMENT.—The table of sections  
 12 for chapter 77 of such Code is amended by adding at the  
 13 end the following new item:

“Sec. 7529. Dollar threshold for the use of forms 1040EZ and  
 1040A.”.

14 (c) EFFECTIVE DATE.—The amendments made by  
 15 this section shall apply to taxable years beginning after  
 16 December 31, 2003.

17 **SEC. 4. SIMPLIFICATION THROUGH ELIMINATION OF INOP-**  
 18 **ERATIVE PROVISIONS.**

19 (a) IN GENERAL.—

20 (1) ADJUSTMENTS IN TAX TABLES SO THAT IN-  
 21 FLATION WILL NOT RESULT IN TAX INCREASES.—  
 22 Paragraph (7) of section 1(f) of the Internal Rev-  
 23 enue Code of 1986 is amended to read as follows:

1           “(7) SPECIAL RULE FOR CERTAIN BRACKETS.—  
 2       In prescribing tables under paragraph (1) which  
 3       apply to taxable years beginning in a calendar year  
 4       after 1994, the cost-of-living adjustment used in  
 5       making adjustments to the dollar amounts at which  
 6       the 36 percent rate bracket begins or at which the  
 7       39.6 percent rate bracket begins shall be determined  
 8       under paragraph (3) by substituting ‘1993’ for  
 9       ‘1992’.”.

10           (2) EARNED INCOME CREDIT.—Paragraph (1)  
 11       of section 32(b) of such Code is amended—

12                   (A) by striking subparagraphs (B) and  
 13                   (C), and

14                   (B) in subparagraph (A) by striking “(A)  
 15       IN GENERAL.—In the case of taxable years be-  
 16       ginning after 1995” and moving the table 2  
 17       ems to the left.

18           (3) ANNUITIES; CERTAIN PROCEEDS OF EN-  
 19       DOWMENT AND LIFE INSURANCE CONTRACTS.—Sec-  
 20       tion 72 of such Code is amended—

21                   (A) in subsection (c)(4) by striking “; ex-  
 22       cept that if such date was before January 1,  
 23       1954, then the annuity starting date is January  
 24       1, 1954”, and

1 (B) in subsection (g)(3) by striking “Janu-  
2 ary 1, 1954, or” and “, whichever is later”.

3 (4) ACCIDENT AND HEALTH PLANS.—Section  
4 105(f) of such Code is amended by striking “or (d)”.

5 (5) FLEXIBLE SPENDING ARRANGEMENTS.—  
6 Section 106(c)(1) of such Code is amended by strik-  
7 ing “Effective on and after January 1, 1997, gross”  
8 and inserting “Gross”.

9 (6) CERTAIN COMBAT ZONE COMPENSATION OF  
10 MEMBERS OF THE ARMED FORCES.—Subsection (c)  
11 of section 112 of such Code is amended—

12 (A) by striking “(after June 24, 1950)” in  
13 paragraph (2), and

14 (B) striking “such zone;” and all that fol-  
15 lows in paragraph (3) and inserting “such  
16 zone.”.

17 (7) PRINCIPAL RESIDENCE.—Section 121(b)(3)  
18 of such Code is amended—

19 (A) by striking subparagraph (B), and

20 (B) in subparagraph (A) by striking “(A)  
21 IN GENERAL.—” and moving the text 2 ems to  
22 the left.

23 (8) CERTAIN REDUCED UNIFORMED SERVICES  
24 RETIREMENT PAY.—Section 122(b)(1) of such Code  
25 is amended by striking “after December 31, 1965,”.

1           (9) MORTGAGE REVENUE BONDS FOR RESI-  
2       DENCES IN FEDERAL DISASTER AREAS.—Section  
3       143(k) of such Code is amended by striking para-  
4       graph (11).

5           (10) STATE LEGISLATORS’ TRAVEL EXPENSES  
6       AWAY FROM HOME.—Paragraph (4) of section  
7       162(h) of such Code is amended by striking “For  
8       taxable years beginning after December 31, 1980,  
9       this” and inserting “This”.

10          (11) HEALTH INSURANCE COSTS OF SELF-EM-  
11       PLOYED INDIVIDUALS.—Paragraph (1) of section  
12       162(l) of such Code is amended to read as follows:

13           “(1) ALLOWANCE OF DEDUCTION.—In the case  
14       of an individual who is an employee within the  
15       meaning of section 401(c)(1), there shall be allowed  
16       as a deduction under this section an amount equal  
17       to 100 percent of the amount paid during the tax-  
18       able year for insurance which constitutes medical  
19       care for the taxpayer and the taxpayer’s spouse and  
20       dependents.”.

21          (12) INTEREST.—

22           (A) Section 163 of such Code is amend-  
23       ed—

24                   (i) by striking paragraph (6) of sub-  
25                   section (d), and

1 (ii) by striking paragraph (5) of sub-  
 2 section (h).

3 (B) Section 56(b)(1)(C) of such Code is  
 4 amended by striking clause (ii) and by redesign-  
 5 ating clauses (iii), (iv), and (v) as clauses (ii),  
 6 (iii), and (iv), respectively.

7 (13) AMOUNTS RECEIVED BY SURVIVING ANNU-  
 8 ITANT UNDER JOINT AND SURVIVOR ANNUITY CON-  
 9 TRACT.—Subparagraph (A) of section 691(d)(1) of  
 10 such Code is amended by striking “after December  
 11 31, 1953, and”.

12 (14) INCOME TAXES OF MEMBERS OF ARMED  
 13 FORCES ON DEATH.—Section 692(a)(1) of such  
 14 Code is amended by striking “after June 24, 1950”.

15 (15) TAX ON NONRESIDENT ALIEN INDIVID-  
 16 UALS.—Subparagraph (B) of section 871(a)(1) of  
 17 such Code is amended to read as follows:

18 “(B) gains described in subsection (b) or  
 19 (c) of section 631,”.

20 (16) OLD-AGE, SURVIVORS, AND DISABILITY IN-  
 21 SURANCE.—Subsection (a) of section 1401 of such  
 22 Code is amended by striking “the following percent”  
 23 and all that follows and inserting “12.4 percent of  
 24 the amount of the self-employment income for such  
 25 taxable year.”.



1           (17) HOSPITAL INSURANCE.—Subsection (b) of  
2       section 1401 of such Code is amended by striking  
3       “the following percent” and all that follows and in-  
4       serting “2.9 percent of the amount of the self-em-  
5       ployment income for such taxable year.”.

6           (18) MINISTERS, MEMBERS OF RELIGIOUS OR-  
7       DERS, AND CHRISTIAN SCIENCE PRACTITIONERS.—  
8       Paragraph (3) of section 1402(e) of such Code is  
9       amended by striking “whichever of the following  
10      dates is later: (A)” and by striking “; or (B)” and  
11      all that follows and inserting a period.

12          (19) WITHHOLDING OF TAX ON NONRESIDENT  
13      ALIENS.—The first sentence of subsection (b) of sec-  
14      tion 1441 of such Code and the first sentence of  
15      paragraph (5) of section 1441(c) of such Code are  
16      each amended by striking “gains subject to tax” and  
17      all that follows through “October 4, 1966” and in-  
18      serting “and gains subject to tax under section  
19      871(a)(1)(D)”.

20          (20) RETIREMENT.—Section 7447(i)(3)(B)(ii)  
21      of such Code is amended by striking “at 4 percent  
22      per annum to December 31, 1947, and at 3 percent  
23      per annum thereafter”, and inserting “at 3 percent  
24      per annum”.

1           (21) ANNUITIES TO SURVIVING SPOUSES AND  
2       DEPENDENT CHILDREN OF JUDGES.—

3           (A) Paragraph (2) of section 7448(a) of  
4       such Code is amended by striking “or under  
5       section 1106 of the Internal Revenue Code of  
6       1939” and by striking “or pursuant to section  
7       1106(d) of the Internal Revenue Code of  
8       1939”.

9           (B) Subsection (g) of section 7448 of such  
10      Code is amended by striking “or other than  
11      pursuant to section 1106 of the Internal Rev-  
12      enue Code of 1939”.

13          (C) Subsections (g), (j)(1), and (j)(2) of  
14      section 7448 of such Code are each amended by  
15      striking “at 4 percent per annum to December  
16      31, 1947, and at 3 percent per annum there-  
17      after” and inserting “at 3 percent per annum”.

18       (b) EFFECTIVE DATE.—

19           (1) GENERAL RULE.—Except as otherwise pro-  
20      vided in paragraph (2), the amendments made by  
21      subsection (a) shall take effect on the date of enact-  
22      ment of this Act.

23           (2) SAVINGS PROVISION.—If—

24           (A) any provision amended or repealed by  
25      subsection (a) applied to—

- 1 (i) any transaction occurring before  
2 the date of the enactment of this Act,  
3 (ii) any property acquired before such  
4 date of enactment, or  
5 (iii) any item of income, loss, deduc-  
6 tion, or credit taken into account before  
7 such date of enactment, and  
8 (B) the treatment of such transaction,  
9 property, or item under such provision would  
10 (without regard to the amendments made by  
11 subsection (a)) affect the liability for tax for pe-  
12 riods ending after such date of enactment,  
13 nothing in the amendments made by subsection (a)  
14 shall be construed to affect the treatment of such  
15 transaction, property, or item for purposes of deter-  
16 mining liability for tax for periods ending after such  
17 date of enactment.

Passed the House of Representatives July 21, 2004.

Attest:

JEFF TRANDAHL,

*Clerk.*