

109TH CONGRESS
1ST SESSION

H. R. 703

To amend the Internal Revenue Code of 1986 to modify the alternative minimum tax on individuals by permitting the deduction for State and local taxes and to adjust the exemption amounts for inflation.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 9, 2005

Mr. GARRETT of New Jersey introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to modify the alternative minimum tax on individuals by permitting the deduction for State and local taxes and to adjust the exemption amounts for inflation.

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 “AMT Middle Class
5 Fairness Act of 2005”.

1 **SEC. 2. MODIFICATIONS TO ALTERNATIVE MINIMUM TAX**
2 **ON INDIVIDUALS.**

3 (a) REPEAL OF LIMIT ON DEDUCTION FOR STATE
4 AND LOCAL TAXES.—Subparagraph (A) of section
5 56(b)(1) of the Internal Revenue Code of 1986 is amended
6 to read as follows:

7 “(A) IN GENERAL.—No deduction shall be
8 allowed for any miscellaneous itemized deduc-
9 tion (as defined in section 67(b)).”.

10 (b) ADJUSTMENT FOR INFLATION.—Subsection (d)
11 of section 55 of such Code is amended by adding at the
12 end the following new paragraph:

13 “(4) INFLATION ADJUSTMENT.—

14 “(A) IN GENERAL.—In the case of a tax-
15 able year beginning in a calendar year after
16 2004, each of the dollar amounts contained in
17 subparagraphs (A) and (B) of paragraph (1)
18 shall be increased by an amount equal to—

19 “(i) such dollar amount, multiplied by

20 “(ii) the cost-of-living adjustment de-
21 termined under section 1(f)(3) for the cal-
22 endar year in which the taxable year be-
23 gins, determined by substituting ‘calendar
24 year 2003’ for ‘calendar year 1992’ in sub-
25 paragraph (B) thereof.

1 “(B) ROUNDING.—Any increase deter-
2 mined under subparagraph (A) shall be rounded
3 to the nearest multiple of \$100.”.

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

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