

110TH CONGRESS  
1ST SESSION

# S. 2432

To amend the Internal Revenue Code of 1986 to provide alternative minimum tax relief for 2007 and to provide special tax rates for certain capital gains and qualified dividend income for 2007, and for other purposes.

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## IN THE SENATE OF THE UNITED STATES

DECEMBER 6, 2007

Mr. WHITEHOUSE 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 provide alternative minimum tax relief for 2007 and to provide special tax rates for certain capital gains and qualified dividend income for 2007, 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 “AMT Equity Act of  
5 2007”.

1 **SEC. 2. ONE-YEAR EXTENSION OF ALTERNATIVE MINIMUM**  
 2 **TAX RELIEF FOR NONREFUNDABLE PER-**  
 3 **SONAL CREDITS.**

4 (a) IN GENERAL.—Paragraph (2) of section 26(a) of  
 5 the Internal Revenue Code of 1986 (relating to special  
 6 rule for taxable years 2000 through 2006) is amended—

7 (1) by striking “or 2006” and inserting “2006,  
 8 or 2007”, and

9 (2) by striking “2006” in the heading thereof  
 10 and inserting “2007”.

11 (b) EFFECTIVE DATE.—The amendments made by  
 12 this section shall apply to taxable years beginning after  
 13 December 31, 2006.

14 **SEC. 3. ONE-YEAR EXTENSION OF INCREASED ALTER-**  
 15 **NATIVE MINIMUM TAX EXEMPTION AMOUNT.**

16 (a) IN GENERAL.—Paragraph (1) of section 55(d) of  
 17 the Internal Revenue Code of 1986 (relating to exemption  
 18 amount) is amended—

19 (1) by striking “(\$62,550 in the case of taxable  
 20 years beginning in 2006)” in subparagraph (A) and  
 21 inserting “(\$66,250 in the case of taxable years be-  
 22 ginning in 2007)”, and

23 (2) by striking “(\$42,500 in the case of taxable  
 24 years beginning in 2006)” in subparagraph (B) and  
 25 inserting “(\$44,350 in the case of taxable years be-  
 26 ginning in 2007)”.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2006.

**SEC. 4. TEMPORARY REPEAL OF INDIVIDUAL ALTERNATIVE  
MINIMUM TAX FOR CERTAIN TAXPAYERS.**

(a) IN GENERAL.—Section 55(a) of the Internal Revenue Code of 1986 (relating to alternative minimum tax imposed) is amended by adding at the end the following new flush sentence:

“For purposes of this title, for any taxable year beginning in 2007, the tentative minimum tax shall be zero on any taxpayer other than a corporation whose adjusted gross income for such taxable year does not exceed \$100,000 (\$200,000 in the case of a joint return).”.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2006.

**SEC. 5. SPECIAL TAX RATES ON CERTAIN CAPITAL GAINS  
AND QUALIFIED DIVIDEND INCOME FOR 2007.**

(a) IN GENERAL.—Section 1(h)(1) of the Internal Revenue Code of 1986 (relating to maximum capital gains rate) is amended by adding at the end the following new flush sentence:

“For purposes of any taxable year beginning in 2007, the rate of tax specified in subparagraph (C)

1 shall be increased by 1 percentage point (but not to  
 2 be increased by more than 20 percentage points) for  
 3 each \$50,000 (or fraction thereof) by which a tax-  
 4 payer's adjusted gross income for such taxable year  
 5 exceeds \$1,000,000 (\$2,000,000 in the case of a  
 6 joint return).”.

7 (b) EFFECTIVE DATE.—The amendment made by  
 8 this section shall apply to taxable years beginning after  
 9 December 31, 2006.

10 **SEC. 6. ONE-TIME ESTIMATED TAX SAFE HARBOR FOR IN-**  
 11 **CREASED TAX LIABILITY.**

12 For purposes of any taxable year beginning in 2007,  
 13 in the case of any individual with respect to whom the  
 14 amendments made by section 5 apply—

15 (1) the tax shown on the return under section  
 16 6654(d)(1)(B)(i) of such Code shall be reduced (but  
 17 not below zero) by the amount of tax imposed by  
 18 reason of such amendments shown on the return,

19 (2) the tax for the taxable year under section  
 20 6654(d)(2)(B)(i) of such Code (before multiplication  
 21 by the applicable percentage) shall be reduced (but  
 22 not below zero) by the tax imposed by reason of  
 23 such amendments, and

24 (3) the amount of tax for the taxable year for  
 25 purposes of section 6654(e)(1) of such Code shall be

- 1 reduced (but not below zero) by the amount of tax
- 2 imposed by reason of such amendments.

