

112TH CONGRESS
2D SESSION

H. R. 6100

To amend the Internal Revenue Code of 1986 to provide a temporary extension of the 2001 and 2003 tax cuts for the middle class, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JULY 11, 2012

Mr. BRALEY of Iowa 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 provide a temporary extension of the 2001 and 2003 tax cuts for the middle class, 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 “Middle Class Tax Cut
5 Protection Act of 2012”.

6 **SEC. 2. 2-YEAR EXTENSION OF TAX RELIEF FOR MIDDLE**
7 **CLASS.**

8 (a) EXTENSION OF 2001 TAX RELIEF.—

1 (1) IN GENERAL.—Section 901 of the Economic
2 Growth and Tax Relief Reconciliation Act of 2001 is
3 amended by striking “December 31, 2012” both
4 places it appears and inserting “December 31,
5 2014”.

6 (2) EFFECTIVE DATE.—The amendment made
7 by this subsection shall take effect as if included in
8 the enactment of the Economic Growth and Tax Re-
9 lief Reconciliation Act of 2001.

10 (b) EXTENSION OF 2003 TAX RELIEF.—

11 (1) IN GENERAL.—Section 303 of the Jobs and
12 Growth Tax Relief Reconciliation Act of 2003 is
13 amended by striking “December 31, 2012” and in-
14 serting “December 31, 2014”.

15 (2) EFFECTIVE DATE.—The amendment made
16 by this section shall take effect as if included in the
17 enactment of the Jobs and Growth Tax Relief Rec-
18 onciliation Act of 2003.

19 (c) TEMPORARY EXTENSION OF 2009 TAX RE-
20 LIEF.—

21 (1) AMERICAN OPPORTUNITY TAX CREDIT.—

22 (A) IN GENERAL.—Section 25A(i) of the
23 Internal Revenue Code of 1986 is amended by
24 striking “or 2012” and inserting “, 2012,
25 2013, or 2014”.

(B) TREATMENT OF POSSESSIONS.—Section 1004(c)(1) of the American Recovery and Reinvestment Tax Act of 2009 is amended by striking “and 2012” each place it appears and inserting “2012, 2013, and 2014”.

(C) CHILD TAX CREDIT.—Section 24(d)(4) of such Code is amended—

(i) by striking “AND 2012” in the heading and inserting “2012, 2013, AND 2014”, and

(ii) by striking “or 2012” and inserting “2012, 2013, or 2014”.

(D) EARNED INCOME TAX CREDIT.—Section 32(b)(3) of such Code is amended—

(i) by striking “AND 2012” in the heading and inserting “2012, 2013, AND 2014”, and

(ii) by striking “or 2012” and inserting “2012, 2013, or 2014”.

SEC. 3. CERTAIN TAX CUTS NOT EXTENDED FOR HIGH INCOME INDIVIDUALS.

(a) INDIVIDUAL INCOME TAX RATES.—Subsection (i) of section 1 of the Internal Revenue Code of 1986 is amended by redesignating paragraph (3) as paragraph (4)

1 and by inserting after paragraph (2) the following new
2 paragraph:

3 “(3) 33-PERCENT RATE BRACKET.—

4 “(A) IN GENERAL.—In the case of taxable
5 years beginning after December 31, 2012—

6 “(i) paragraph (2) shall not apply in
7 determining the rates of tax for the fourth
8 rate bracket and higher rate brackets,

9 “(ii) the rate of tax under subsections
10 (a), (b), (c), and (d) on a taxpayer’s tax-
11 able income in the fourth rate bracket shall
12 be 33 percent to the extent such income
13 does not exceed an amount equal to the ex-
14 cess of—

15 “(I) the applicable amount, over

16 “(II) the dollar amount at which
17 such bracket begins, and

18 “(iii) the 36-percent rate of tax under
19 such subsections shall apply only to the
20 taxpayer’s taxable income in such bracket
21 in excess of the amount to which clause (i)
22 applies.

23 “(B) APPLICABLE AMOUNT.—For purposes
24 of this paragraph, the term ‘applicable amount’
25 means the excess of—

1 “(i) the applicable threshold, over

2 “(ii) the sum of the following amounts

3 in effect for the taxable year:

4 “(I) the basic standard deduction

5 (within the meaning of section

6 63(c)(2)), and

7 “(II) the exemption amount

8 (within the meaning of section

9 151(d)(1)) (or, in the case of sub-

10 section (a), 2 such exemption

11 amounts).

12 “(C) APPLICABLE THRESHOLD.—For pur-

13 poses of this paragraph, the term ‘applicable

14 threshold’ means—

15 “(i) \$250,000 in the case of sub-

16 section (a),

17 “(ii) \$200,000 in the case of sub-

18 sections (b) and (c), and

19 “(iii) $\frac{1}{2}$ the amount applicable under

20 clause (i) (after adjustment, if any, under

21 subparagraph (E)) in the case of sub-

22 section (d).

23 “(D) FOURTH RATE BRACKET.—For pur-

24 poses of this paragraph, the term ‘fourth rate

25 bracket’ means the bracket which would (deter-

mined without regard to this paragraph) be the
36-percent rate bracket.

“(E) INFLATION ADJUSTMENT.—For purposes of this paragraph, a rule similar to the rule of paragraph (1)(C) shall apply with respect to taxable years beginning in calendar years after 2012, applied by substituting ‘2010’ for ‘1992’ in subsection (f)(3)(B).”.

(b) REDUCED RATE ON CAPITAL GAINS AND DIVIDENDS.—

(1) IN GENERAL.—Paragraph (1) of section (1)(h) of such Code is amended by striking subparagraph (C), by redesignating subparagraphs (D) and (E) as subparagraphs (E) and (F), respectively, and by inserting after subparagraph (B) the following new subparagraphs:

“(C) 15 percent of the lesser of—

“(i) so much of the adjusted net capital gain (or, if less, taxable income) as exceeds the amount on which a tax is determined under subparagraph (B), or

“(ii) the excess (if any) of—

“(I) the amount of taxable income which would (without regard to

1 this subsection) be taxed at a rate
2 below 36 percent, over

3 “(II) the sum of the amounts on
4 which tax is determined under sub-
5 paragraphs (A) and (B),

6 “(D) 20 percent of the adjusted net capital
7 gain (or, if less, taxable income) in excess of the
8 sum of the amounts on which tax is determined
9 under subparagraphs (B) and (C),”.

10 (2) DIVIDENDS.—Subparagraph (A) of section
11 1(h)(11) of such Code is amended by striking
12 “qualified dividend income” and inserting “so much
13 of the qualified dividend income as does not exceed
14 the excess (if any) of—

15 “(i) the amount of taxable income
16 which would (without regard to this sub-
17 section) be taxed at a rate below 36 per-
18 cent, over

19 “(ii) taxable income reduced by quali-
20 fied dividend income.”.

21 (3) MINIMUM TAX.—Section 55 of such Code is
22 amended by adding at the end the following new
23 subsection:

24 “(f) APPLICATION OF MAXIMUM RATE OF TAX ON
25 NET CAPITAL GAIN OF NONCORPORATE TAXPAYERS.—In

1 the case of taxable years beginning after December 31,
 2 2012, the amount determined under subparagraph (C) of
 3 subsection (b)(3) shall be the sum of—

4 “(1) 15 percent of the lesser of—

5 “(A) so much of the adjusted net capital
 6 gain (or, if less, taxable excess) as exceeds the
 7 amount on which tax is determined under sub-
 8 paragraph (B) of subsection (b)(3), or

9 “(B) the excess described in section
 10 1(h)(1)(C)(ii), plus

11 “(2) 20 percent of the adjusted net capital gain
 12 (or, if less, taxable excess) in excess of the sum of
 13 the amounts on which tax is determined under sub-
 14 section (b)(3)(B) and paragraph (1).”.

15 (4) CONFORMING AMENDMENTS.—

16 (A) The following provisions are amended
 17 by striking “15 percent” and inserting “20 per-
 18 cent”:

19 (i) Section 1445(e)(1) of such Code.

20 (ii) The second sentence of section
 21 7518(g)(6)(A) of such Code.

22 (iii) Section 53511(f)(2) of title 46,
 23 United States Code.

24 (B) Sections 531 and 541 of the Internal
 25 Revenue Code of 1986 are each amended by

1 striking “15 percent of” and inserting “the
2 product of the highest rate of tax under section
3 1(c) and”.

4 (C) Section 1445(e)(6) of such Code is
5 amended by striking “15 percent (20 percent in
6 the case of taxable years beginning after De-
7 cember 31, 2011)” and inserting “20 percent”.

8 (c) EFFECTIVE DATES.—

9 (1) IN GENERAL.—Except as provided in para-
10 graph (2), the amendments made by this section
11 shall apply to taxable years beginning after Decem-
12 ber 31, 2012.

13 (2) WITHHOLDING.—The amendments made by
14 subparagraphs (A)(i) and (C) of subsection (b)(4)
15 shall apply to amounts paid on or after January 1,
16 2013.

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