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113TH CONGRESS
2D SESSION

H. R. 5852

To amend the Internal Revenue Code of 1986 to eliminate the $117,000 cap on income subject to Social Security payroll taxes.

IN THE HOUSE OF REPRESENTATIVES

DECEMBER 11, 2014

Mr. GRAYSON 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 eliminate the $117,000 cap on income subject to Social Security payroll taxes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ‘‘Scrap the Cap Act’’.

SEC. 2. PAYROLL TAX ON REMUNERATION.

(a) IN GENERAL.—Paragraph (1) of section 3121(a) of the Internal Revenue Code of 1986 is amended by inserting after ‘‘such calendar year.’’ the following: ‘‘The preceding sentence shall apply only to calendar years for which the contribution and benefit base (as so determined) is less than $117,000, and, for such calendar years, only to so much of the remuneration paid to such employee by such employer with respect to employment as does not exceed $117,000.''.

(b) CONFORMING AMENDMENT.—Paragraph (1) of section 3121 of the Internal Revenue Code of 1986 is amended by striking ''Act) to'' and inserting ''Act), or in excess of $117,000, to''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to remuneration paid after December 31, 2014.

SEC. 3. TAX ON NET EARNINGS FROM SELF-EMPLOYMENT.

(a) IN GENERAL.—Paragraph (1) of section 1402(b) of the Internal Revenue Code of 1986 is amended to read as follows:

''(1) in the case of the tax imposed by section 1401(a), the excess of—

''(A) that part of the net earnings from self-employment which is in excess of—

''(i) an amount equal to the contribution and benefit base (as determined under section 230 of the Social Security Act) which is effective for the calendar year in which such taxable year begins, minus "(ii) the amount of the wages paid to such individual during such taxable years; over

"(B) that part of the net earnings from self-employment which is in excess of the sum of—

"(i) the excess of—

"(I) the net earning from self-employment reduced by the excess (if any) of subparagraph (A)(i) over subparagraph (A)(ii), over

"(II) $117,000, reduced by such contribution and benefit base, plus

"(ii) the amount of the wages paid to such individual during such taxable year in excess of such contribution and benefit base and not in excess of $117,000; or".

(b) PHASEOUT.—Subsection (b) of section 1402 of the Internal Revenue Code of 1986 is amended by adding at the end the following: "Paragraph (1) shall apply only to taxable years beginning in calendar years for which the contribution and benefit base (as determined under section 230 of the Social Security Act) is less than $117,000.".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to net earnings from self-employment derived, and remuneration paid, after December 31, 2014.

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