

116TH CONGRESS
2D SESSION

S. 5031

To amend the Internal Revenue Code of 1986 to provide for a progressive consumption tax and to reform the income tax, and for other purposes.

IN THE SENATE OF THE UNITED STATES

DECEMBER 16, 2020

Mr. CARDIN introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to provide for a progressive consumption tax and to reform the income tax, 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, ETC.**

4 (a) IN GENERAL.—This Act may be cited as the
5 “Progressive Consumption Tax Act of 2020”.

6 (b) REFERENCE.—Except as otherwise expressly pro-
7 vided, whenever in this Act an amendment or repeal is
8 expressed in terms of an amendment to, or repeal of, a
9 section or other provision, the reference shall be consid-

ered to be made to a section or other provision of the Internal Revenue Code of 1986.

(c) TABLE OF CONTENTS.—The table of contents of this Act is as follows:

Sec. 1. Short title, etc.

TITLE I—PROGRESSIVE CONSUMPTION TAX

Sec. 101. Imposition of progressive consumption tax.

TITLE II—INDIVIDUAL AND CORPORATE TAX REFORM

Subtitle A—Individual Income Tax Reforms

Sec. 201. Individual income tax rate reductions and inflation adjustments.
 Sec. 202. Family allowance amounts; repeal of personal exemption deduction.
 Sec. 203. Repeal of limitations relating to itemized deductions.
 Sec. 204. Restoration of certain deductions.
 Sec. 205. Termination of separate treatment of capital gains.
 Sec. 206. Repeals.
 Sec. 207. Establishment of progressive tax rebate.
 Sec. 208. Technical and conforming amendments.

Subtitle B—Corporate Tax Reforms

Sec. 211. Corporate income tax rate reduction.

TITLE III—REFUND OF EXCESS CONSUMPTION TAX REVENUE

Sec. 301. Refunds of excess consumption tax revenue.

TITLE I—PROGRESSIVE CONSUMPTION TAX

SEC. 101. IMPOSITION OF PROGRESSIVE CONSUMPTION TAX.

(a) IN GENERAL.—Subtitle D is amended by inserting before chapter 31 the following new chapter:

“CHAPTER 30—PROGRESSIVE CONSUMPTION TAX

“SUBCHAPTER A. IMPOSITION OF TAX

“SUBCHAPTER B. TAXABLE SUPPLY

“SUBCHAPTER C. CREDIT AGAINST TAX

“SUBCHAPTER D. ADMINISTRATION

“SUBCHAPTER E. DEFINITIONS AND SPECIAL RULES

1 **“Subchapter A—Imposition of Tax**

“Sec. 3901. Imposition of tax.

“Sec. 3902. Taxable amount.

2 **“SEC. 3901. IMPOSITION OF TAX.**

3 “(a) GENERAL RULE.—A tax is hereby imposed on
4 every taxable supply.

5 “(b) AMOUNT OF TAX.—

6 “(1) IN GENERAL.—Except as provided in para-
7 graph (2), the amount of the tax shall be 10 percent
8 of the taxable amount.

9 “(2) SPECIAL RATE FOR EXPORTS.—The
10 amount of the tax shall be zero with respect to the
11 provision of any supply which is—

12 “(A) a supply of tangible personal property
13 that is exported from the United States within
14 90 days after the provider gives an invoice for
15 the supply, or

16 “(B) a supply, other than a supply of tan-
17 gible personal property—

18 “(i) which is provided to a recipient
19 that is not in the United States when the
20 supply is performed or otherwise done, and

1 “(ii) the use of which takes place out-
2 side of the United States.

3 **“SEC. 3902. TAXABLE AMOUNT.**

4 “(a) AMOUNT CHARGED CUSTOMER.—For purposes
5 of this chapter, the taxable amount for any taxable supply
6 for which money is the only consideration shall be the
7 price charged by the provider—

8 “(1) including all invoiced charges for transpor-
9 tation, and other items payable to the provider with
10 respect to the supply, but

11 “(2) excluding the tax imposed by section 3901
12 with respect to the supply and excluding any State
13 and local sales and use taxes with respect to the
14 supply.

15 “(b) BARTER TRANSACTIONS.—For purposes of this
16 chapter, the taxable amount for any taxable supply which
17 includes consideration other than money shall be the fair
18 market value of the consideration (including all invoiced
19 charges for transportation and other items payable to the
20 provider) plus the amount of any money paid in consider-
21 ation.

22 “(c) IMPORTS.—For purposes of this chapter, the
23 taxable amount in the case of any import shall be—

24 “(1) the customs value plus customs duties and
25 any other duties which may be imposed, or

1 “(2) if there is no such customs value, the fair
 2 market value (determined as if the importer had sold
 3 the supply).

4 For purposes of this subsection, the customs value of any
 5 import shall include all invoiced charges for transportation
 6 and other items payable to the importer with respect to
 7 the supply.

8 “(d) SPECIAL RULE IN THE CASE OF SALES OF CER-
 9 TAIN USED CONSUMER GOODS.—For purposes of this
 10 chapter, if—

11 “(1) a person acquires any tangible personal
 12 property in a transaction which was not taxable
 13 under this chapter, and

14 “(2) such property had been used by an ulti-
 15 mate consumer before such acquisition,
 16 the taxable amount in the case of any sale of such property
 17 by such person (determined without regard to this sub-
 18 section) shall be reduced by the amount paid for such
 19 property by such person.

20 **“Subchapter B—Taxable Supply**

“Sec. 3911. Taxable supply.

“Sec. 3912. Supplies made in connection with the United States.

“Sec. 3913. Exempt supply.

21 **“SEC. 3911. TAXABLE SUPPLY.**

22 “(a) IN GENERAL.—For purposes of this chapter, the
 23 term ‘taxable supply’ means—

1 “(1) the importation of property into the
2 United States, and

3 “(2) any supply (other than an exempt sup-
4 ply)—

5 “(A) which is provided—

6 “(i) in the course of carrying on a
7 trade or business,

8 “(ii) in the case of an organization ex-
9 empt from tax under section 501(a), in
10 furtherance of the activities related to the
11 purpose or function constituting the basis
12 of its exemption under section 501, or

13 “(iii) in the case of a State, an Indian
14 tribal government, a possession of the
15 United States, or any political subdivision
16 of any of the foregoing, or the United
17 States or the District of Columbia, in car-
18 rying out any activity that is not an essen-
19 tial governmental function,

20 “(B) for which consideration is provided in
21 return, and

22 “(C) which is made in connection with the
23 United States.

24 “(b) SUPPLY.—For purposes of this chapter—

1 “(1) IN GENERAL.—The term ‘supply’ means
2 any supply whatsoever, including—

3 “(A) the sale or provision (including
4 through renting, leasing, or licensing) of prop-
5 erty,

6 “(B) the performance of services,

7 “(C) the grant, assignment, or surrender
8 of real property,

9 “(D) the creation, grant, transfer, assign-
10 ment, or surrender of any right,

11 “(E) financial supplies, and

12 “(F) an entry into, or release from, an ob-
13 ligation or agreement to perform or refrain
14 from performing an act.

15 “(2) SPECIAL RULE FOR SERVICES FOR EM-
16 PLOYER.—An employee’s services for the employee’s
17 employer shall not be treated as a supply.

18 **“SEC. 3912. SUPPLIES MADE IN CONNECTION WITH THE**
19 **UNITED STATES.**

20 “(a) TANGIBLE PROPERTY.—For purposes of this
21 chapter—

22 “(1) IN GENERAL.—The supply of tangible
23 property is made in connection with the United
24 States if—

1 “(A) the property is delivered or made
2 available to the recipient in the United States,
3 or

4 “(B) the property is assembled in or re-
5 moved from any location in the United States.

6 “(2) REAL PROPERTY.—The supply of real
7 property is made in connection with the United
8 States if the real property is located in the United
9 States.

10 “(b) SERVICES, INTANGIBLE PROPERTY, AND OTHER
11 SUPPLIES.—For purposes of this chapter, the supply of
12 anything other than tangible property or real property is
13 made in connection with the United States if—

14 “(1) the supply is used, performed, or otherwise
15 done in the United States, or

16 “(2) the supply is provided through a trade or
17 business in the United States.

18 **“SEC. 3913. EXEMPT SUPPLY.**

19 “(a) IN GENERAL.—An exempt supply shall not be
20 subject to tax under this chapter.

21 “(b) EXEMPT SUPPLY.—For purposes of this chap-
22 ter—

23 “(1) IN GENERAL.—The term ‘exempt supply’
24 means—

1 “(A) the rental or leasing of residential
2 real property,

3 “(B) any sale of qualified residential real
4 property,

5 “(C) any financial supply,

6 “(D) any nonparticipating small supplier
7 supply, and

8 “(E) any taxable supply (or category of
9 such supplies) treated as an exempt supply
10 under section 3932(b).

11 “(2) QUALIFIED RESIDENTIAL REAL PROP-
12 ERTY.—For purposes of paragraph (1), the term
13 ‘qualified residential real property’ means residential
14 real property—

15 “(A) which—

16 “(i) has previously been sold as resi-
17 dential real property, or

18 “(ii) has been continuously rented for
19 5 years or more, and

20 “(B) to which substantial renovations have
21 not been made after the date of the enactment
22 of this chapter.

23 “(3) NONPARTICIPATING SMALL SUPPLIER SUP-
24 PLY.—

“(A) IN GENERAL.—For purposes of paragraph (1), the term ‘nonparticipating small supplier supply’ means any supply provided by a supplier during—

“(i) any taxable period during which such supplier was a nonparticipating small supplier, or

“(ii) the four-week period beginning on the first day after the close of the last calendar quarter in which such supplier was a nonparticipating small supplier.

“(B) NONPARTICIPATING SMALL SUPPLIER.—

“(i) IN GENERAL.—For purposes of subparagraph (A), the term ‘nonparticipating small supplier’ means any person for any taxable period if—

“(I) such person has aggregate taxable revenues of not more than \$100,000 for the four-calendar quarter period ending immediately before the taxable period, and

“(II) has not made an election under clause (iii) for such taxable period.

1 “(ii) TAXABLE REVENUE.—For pur-
 2 poses of this paragraph, the term ‘taxable
 3 revenue’ means revenue from supplies
 4 which are taxable supplies, determined
 5 without regard to paragraph (1)(D).

6 “(iii) ELECTION.—Under regulations
 7 prescribed by the Secretary, any person
 8 who meets the requirements of clause (i)(I)
 9 may make an election not to be treated as
 10 a nonparticipating small supplier for any
 11 taxable period.

12 “(C) AGGREGATION RULES.—For purposes
 13 of determining aggregate taxable revenues
 14 under subparagraph (B)(i)(I), all members of
 15 the same controlled group of corporations (with-
 16 in the meaning of section 267(f)) and all per-
 17 sons under common control (within the mean-
 18 ing of section 52(b) but determined by treating
 19 an interest of more than 50 percent as a con-
 20 trolling interest) shall be treated as 1 person.

21 **“Subchapter C—Credit Against Tax**

“Sec. 3916. Credit against tax.

22 **“SEC. 3916. CREDIT AGAINST TAX.**

23 “(a) GENERAL RULE.—There shall be allowed as a
 24 credit against the aggregate amount of tax imposed by

1 section 3901 with respect to all taxable supplies made by
 2 the taxpayer during the taxable period an amount equal
 3 to the aggregate amount of tax imposed by section 3901
 4 on creditable acquisitions of the taxpayer during such tax-
 5 able period.

6 “(b) CREDITABLE ACQUISITIONS.—For purposes of
 7 this chapter, the term ‘creditable acquisition’ means the
 8 acquisition or receipt of any supply which—

9 “(1) was subject to tax under section 3901 at
 10 the time it was provided to the taxpayer,

11 “(2) was used by the taxpayer—

12 “(A) in the course of carrying on a trade
 13 or business,

14 “(B) in the case of a taxpayer exempt
 15 from tax under section 501(a), in furtherance
 16 of the activities related to the purpose or func-
 17 tion constituting the basis of the exemption
 18 under section 501, or

19 “(C) in the case of a State, an Indian trib-
 20 al government, a possession of the United
 21 States, or any political subdivision of any of the
 22 foregoing, or the United States or the District
 23 of Columbia, in carrying out any activity that
 24 is not an essential governmental function, and

1 “(3) except as provided in subsection (c), was
 2 not used by the taxpayer to make an exempt supply.

3 “(c) CERTAIN ACQUISITIONS RELATED TO FINAN-
 4 CIAL SUPPLIES.—

5 “(1) ACQUISITIONS BY QUALIFIED SMALL FI-
 6 NANCIAL SUPPLIERS.—

7 “(A) IN GENERAL.—Solely for purposes of
 8 subsections (b)(3) and (d)(1), a financial supply
 9 which is provided by a qualified small financial
 10 supplier shall not be treated as an exempt sup-
 11 ply.

12 “(B) QUALIFIED SMALL FINANCIAL SUP-
 13 PLIER.—

14 “(i) IN GENERAL.—For purposes of
 15 this paragraph, the term ‘qualified small
 16 financial supplier’ means any person for
 17 any month if, for the 12-month period end-
 18 ing with the month preceding such month,
 19 the amount of credits which, but for this
 20 paragraph, would be allowable to such per-
 21 son under subsection (a) for taxable sup-
 22 plies which are used for the purpose of
 23 making financial supplies does not exceed
 24 the lesser of—

25 “(I) \$150,000, or

1 “(II) 10 percent of the amount of
 2 credits allowable to such person under
 3 subsection (a) (determined without re-
 4 gard to this paragraph) for all taxable
 5 supplies during such 12-month period.

6 “(ii) AGGREGATION RULES.—For pur-
 7 poses of determining the amount of credits
 8 for any period under clause (i), all mem-
 9 bers of the same controlled group of cor-
 10 porations (within the meaning of section
 11 267(f)) and all persons under common con-
 12 trol (within the meaning of section 52(b)
 13 but determined by treating an interest of
 14 more than 50 percent as a controlling in-
 15 terest) shall be treated as 1 person.

16 “(2) PARTIALLY CREDITABLE ACQUISITIONS.—

17 “(A) IN GENERAL.—In the case of any
 18 partially creditable acquisition by a person
 19 other than a qualified small financial supplier—

20 “(i) subsection (b) shall be applied
 21 without regard to paragraph (3) thereof,
 22 and

23 “(ii) only 60 percent of the amount of
 24 tax imposed by section 3901 shall be taken
 25 account under subsection (a) in deter-

1 mining the amount of the credit under this
2 section.

3 “(B) PARTIALLY CREDITABLE ACQUISITION.—For purposes of this section—

5 “(i) IN GENERAL.—The term ‘par-
6 tially creditable acquisition’ means the ac-
7 quisition of any supply described in clause
8 (ii) if such acquisition is used to provide a
9 financial supply.

10 “(ii) SUPPLIES DESCRIBED.—A sup-
11 ply is described in this clause if such sup-
12 ply is a supply of—

13 “(I) banking or cash manage-
14 ment services, including services re-
15 lated to issuing, closing, operating,
16 and maintaining accounts, and the
17 processing of account information and
18 applications,

19 “(II) payment and fund transfer
20 services, including for the operation of
21 a payment system and processing ac-
22 count transactions,

23 “(III) securities transaction serv-
24 ices for the provision, acquisition, or
25 disposal of an interest in a security,

1 “(IV) loan and debt collection
 2 services, including mortgage broker-
 3 age services, services related to mort-
 4 gage insurance and loan protection in-
 5 surance, and loan application, man-
 6 agement, and processing services,

7 “(V) capital markets, financial
 8 instruments, or fund management
 9 services,

10 “(VI) insurance services, includ-
 11 ing brokerage services, or

12 “(VII) such other services as the
 13 Secretary may specify in regulations.

14 “(d) EXEMPT SUPPLIES, ETC.—

15 “(1) IN GENERAL.—If acquisitions (other than
 16 partially creditable acquisitions) are used partly for
 17 a use which is not for an exempt supply and partly
 18 for an exempt supply, the credit shall be allowable
 19 only with respect to the acquisitions which are not
 20 used for an exempt supply.

21 “(2) PARTIALLY CREDITABLE ACQUISITIONS.—

22 If partially creditable acquisition is used partly to
 23 provide a supply described in subsection (c)(2)(B)(ii)
 24 and partly for another use, subsection (c)(2) shall

1 apply only with respect to acquisitions used to pro-
 2 vide supplies described in subsection (c)(2)(B)(ii).

3 “(e) EXCESS CREDIT TREATED AS OVERPAYMENT.—

4 “(1) IN GENERAL.—If for any taxable period
 5 the amount of the credit allowable by subsection (a)
 6 exceeds the aggregate amount of the tax imposed by
 7 section 3901 for such period, such excess shall be
 8 treated as an overpayment of the tax imposed by
 9 section 3901.

10 “(2) TIME WHEN OVERPAYMENT ARISES.—Any
 11 overpayment under paragraph (1) for any taxable
 12 period shall be treated as arising on the later of—

13 “(A) the due date for the return for such
 14 period, or

15 “(B) the date on which the return is filed.

16 **“Subchapter D—Administration**

“Sec. 3921. Provider liable for tax.

“Sec. 3922. Tax invoices.

“Sec. 3923. Time for filing return and claiming credit; deposits of tax.

“Sec. 3924. Treatment of related businesses, etc.

“Sec. 3925. Reports.

“Sec. 3926. Regulations.

17 **“SEC. 3921. PROVIDER LIABLE FOR TAX.**

18 “(a) IN GENERAL.—Except as provided in subsection
 19 (b), the person providing the supply shall be liable for the
 20 tax imposed by section 3901.

1 “(b) SPECIAL RULE FOR IMPORTS.—The person re-
 2 ceiving the supply shall be liable for the tax imposed under
 3 section 3901—

4 “(1) in the case of any taxable supply described
 5 in section 3911(a)(1), and

6 “(2) in the case of any taxable supply which is
 7 not a supply of tangible property and which is—

8 “(A) performed or otherwise done outside
 9 the United States,

10 “(B) used in the United States, and

11 “(C) acquired for use—

12 “(i) in carrying on a trade or business
 13 in the United States,

14 “(ii) by an organization exempt from
 15 tax under section 501(a), in furtherance of
 16 activities related to the purpose or function
 17 constituting the basis of its exemption
 18 under section 501, or

19 “(iii) by a State, an Indian tribal gov-
 20 ernment, a possession of the United
 21 States, or any political subdivision of any
 22 of the foregoing, or the United States or
 23 the District of Columbia, in carrying out
 24 any activity that is not an essential govern-
 25 mental function.

1 **“SEC. 3922. TAX INVOICES.**

2 “(a) IN GENERAL.—

3 “(1) SUPPLIES MADE IN CONNECTION WITH
4 THE UNITED STATES.—Except as otherwise provided
5 in this subsection, any person providing a taxable
6 supply shall give the recipient a tax invoice with re-
7 spect to such supply.

8 “(2) CERTAIN SERVICES PERFORMED OUTSIDE
9 THE UNITED STATES.—In the case of any taxable
10 supply described in section 3921(b)(2), paragraph
11 (1) shall not apply and the person receiving the tax-
12 able supply shall generate a tax invoice with respect
13 to such supply.

14 “(3) IMPORTS.—In the case of any taxable sup-
15 ply described in section 3911(a), the Secretary, in
16 consultation with the Commissioner of Customs and
17 Border Protection, shall promulgate regulations gov-
18 erning the provision of tax invoices.

19 “(b) CONTENT OF INVOICE.—The tax invoice re-
20 quired by subsection (a) with respect to any supply shall
21 set forth—

22 “(1) the name and, in the case of an invoice
23 under subsection (a)(1), identification number of the
24 provider,

25 “(2) the name of the recipient,

26 “(3) the date of the taxable supply,

1 “(4) the taxable amount with respect to the
2 taxable supply,

3 “(5) the amount of the tax imposed by section
4 3901, and

5 “(6) such other information as may be pre-
6 scribed by regulations.

7 “(c) NO CREDIT WITHOUT INVOICE.—

8 “(1) IN GENERAL.—Except as provided in para-
9 graph (2) or (3), a taxpayer may claim a credit with
10 respect to a creditable acquisition only if the tax-
11 payer—

12 “(A) has in the taxpayer’s possession a tax
13 invoice which meets the requirements of this
14 section, and

15 “(B) is named as the recipient of the sup-
16 ply in such invoice.

17 “(2) EMPLOYEES OR OTHER AGENTS NAMED IN
18 INVOICES.—To the extent provided in regulations,
19 the naming of an employee or other agent of the re-
20 cipient of the supply shall be treated as the naming
21 of the recipient.

22 “(3) WAIVER OF INVOICE REQUIREMENT IN
23 CERTAIN CASES.—To the extent provided in regula-
24 tions, paragraph (1) shall not apply—

1 “(A) where the taxpayer can demonstrate
 2 that the failure to receive or to have in the tax-
 3 payer’s possession a tax invoice was without
 4 fault on the taxpayer’s part, or

5 “(B) to a taxable supply (or category of
 6 supplies) where—

7 “(i) the amount involved is de mini-
 8 mis, or

9 “(ii) the information required by sub-
 10 section (b) can be reliably established by
 11 sampling or by another method and can be
 12 adequately documented.

13 “(d) TIME FOR FURNISHING INVOICE.—Any invoice
 14 required to be furnished by subsection (a) with respect to
 15 any supply shall be furnished not later than 15 business
 16 days after the tax point for such supply.

17 **“SEC. 3923. TIME FOR FILING RETURN AND CLAIMING**
 18 **CREDIT; DEPOSITS OF TAX.**

19 “(a) FILING RETURN.—Before the last day of the
 20 fourth week (third week, in the case of any taxpayer to
 21 which subsection (c)(2) applies) after the close of each tax-
 22 able period, each person liable for tax under this chapter
 23 shall file a return of the tax imposed by section 3901 on
 24 taxable supplies having a tax point within such taxable
 25 period.

1 “(b) CREDIT ALLOWED FOR TAXABLE PERIOD IN
2 WHICH RECIPIENT RECEIVES INVOICE.—

3 “(1) IN GENERAL.—Except as provided in para-
4 graph (2), a credit allowable by section 3916 with
5 respect to a supply may be allowed only for the first
6 taxable period by the close of which the taxpayer—

7 “(A) has paid or accrued amounts properly
8 allocable to the tax imposed by section 3901
9 with respect to such supply, and

10 “(B) has a tax invoice (or equivalent) with
11 respect to such supply.

12 “(2) USE FOR LATER PERIOD.—Under regula-
13 tions, a credit allowable by section 3916 may be al-
14 lowed for a period after the period set forth in para-
15 graph (1).

16 “(c) TAXABLE PERIOD.—For purposes of this chap-
17 ter—

18 “(1) IN GENERAL.—Except as provided in para-
19 graph (2), the term ‘taxable period’ means a cal-
20 endar quarter.

21 “(2) MONTHLY PERIOD FOR CERTAIN TAX-
22 PAYERS.—

23 “(A) IN GENERAL.—In the case of a tax-
24 payer who makes taxable supplies for any

1 month in excess of \$20,000,000, the term ‘tax-
2 able period’ means a calendar month.

3 “(B) ELECTION OF 1-MONTH PERIOD.—If
4 the taxpayer so elects, the term ‘taxable period’
5 means a calendar month.

6 “(d) TAX POINT.—For purposes of this chapter—

7 “(1) CHAPTER 1 RULES WITH RESPECT TO
8 PROVIDER GOVERN.—Except as provided in para-
9 graph (2), the tax point for any supply is the earlier
10 of—

11 “(A) the time (or times) when any income
12 from the provision of the supply should be
13 treated by the provider as received or accrued
14 (or any loss should be taken into account by the
15 seller) for purposes of chapter 1, or

16 “(B) the time (or times) when the provider
17 receives payment for the sale.

18 “(2) IMPORTS.—In the case of the importing of
19 property, the tax point is when the property is en-
20 tered, or withdrawn from warehouse, for consump-
21 tion in the United States.

22 “(e) MONTHLY DEPOSITS REQUIRED.—To the extent
23 provided in regulations, monthly deposits may be required
24 of the estimated liability for any taxable period for the
25 tax imposed by section 3901.

1 **“SEC. 3924. TREATMENT OF RELATED BUSINESSES, ETC.**

2 “For purposes of this chapter, except as provided in
3 sections 3913(b)(3)(C) and 3916(c)(1)(B)(ii) and in regu-
4 lations established by the Secretary, the taxpayer may
5 elect—

6 “(1) to treat as 1 person 2 or more businesses
7 which may be treated under section 52(b) as 1 em-
8 ployer, and

9 “(2) to treat as separate persons separate divi-
10 sions of the same business.

11 **“SEC. 3925. REPORTS.**

12 “The Secretary shall submit to Congress semi-annual
13 reports on the implementation and administration of this
14 chapter, including the amount of revenue collected from
15 the tax imposed under this chapter and estimates of the
16 revenue to be collected from such tax for future period.

17 **“SEC. 3926. REGULATIONS.**

18 “The Secretary shall prescribe such regulations as
19 may be necessary to carry out the purposes of this chap-
20 ter.

21 **“Subchapter E—Definitions and Special**
22 **Rules**

“Sec. 3931. Definitions.

“Sec. 3932. Special rules.

23 **“SEC. 3931. DEFINITIONS.**

24 “For purposes of this chapter—

1 “(1) BUSINESS.—The term ‘business’ in-
2 cludes—

3 “(A) a trade, and

4 “(B) an activity regularly carried on for
5 profit.

6 “(2) BUSINESS DAY.—The term ‘business day’
7 means any day other than Saturday and Sunday and
8 other than a legal holiday (within the meaning of
9 section 7503).

10 “(3) EMPLOYEE.—The term ‘employee’ has the
11 meaning such term has for purposes of chapter 24.

12 “(4) FINANCIAL SUPPLIES.—The term ‘finan-
13 cial supplies’ means the provision, acquisition, or
14 disposal of any of the following: a bank account, a
15 debit or credit arrangement, a mortgage, a super-
16 annuation fund, an annuity, insurance, a financial
17 guarantee, an indemnity, currency, securities, or de-
18 rivatives.

19 “(5) PERSON.—The term ‘person’ includes any
20 governmental entity.

21 “(6) PROVIDE; PROVIDER.—The term ‘provide’,
22 when used in reference to taxable supplies (other
23 than in section 3911(a)(2)), includes the importation
24 of property and the term ‘provider’ includes the im-
25 porter of property.

1 “(7) UNITED STATES.—The term ‘United
2 States’, when used in a geographical sense, includes
3 a Commonwealth and any possession of the United
4 States.

5 **“SEC. 3932. SPECIAL RULES.**

6 “(a) COORDINATION WITH SUBTITLE A.—For pur-
7 poses of subtitle A—

8 “(1) TREATMENT OF CREDIT.—Any credit al-
9 lowable to a taxpayer under section 3916 which is
10 attributable to any supply shall be treated as a re-
11 duction in the amount paid or incurred by the tax-
12 payer for such supply.

13 “(2) AMOUNT OF DEDUCTION FOR TAX.—The
14 amount allowable as a deduction for the tax imposed
15 by section 3901 shall be determined without regard
16 to any credit allowable under section 3916.

17 “(3) COMPUTATION OF PERCENTAGE DEPLE-
18 TION.—For purposes of sections 613 and 613A—

19 “(A) gross income shall be reduced by the
20 amount of the tax imposed by section 3901,
21 and

22 “(B) taxable income shall be determined
23 without regard to any deduction allowed for
24 such tax.

1 “(b) AUTHORITY TO ZERO RATE DE MINIMIS SUP-
 2 PLIES, ETC.—The Secretary may prescribe regulations
 3 treating as an exempt supply any taxable supply (or cat-
 4 egory of such supplies) where—

5 “(1) the amount involved is de minimis, or

6 “(2) the revenue raised by taxing the supply is
 7 not sufficient to justify the administrative and other
 8 costs involved in the payment and collection of the
 9 tax.”.

10 (b) CLERICAL AMENDMENT.—The table of chapters
 11 for subtitle D is amended by inserting before the item re-
 12 lating to chapter 31 the following:

“CHAPTER 30. PROGRESSIVE CONSUMPTION TAX”.

13 (c) EFFECTIVE DATE.—The amendments made by
 14 this section shall apply to supplies provided after Decem-
 15 ber 31, 2021.

16 **TITLE II—INDIVIDUAL AND**
 17 **CORPORATE TAX REFORM**
 18 **Subtitle A—Individual Income Tax**
 19 **Reforms**

20 **SEC. 201. INDIVIDUAL INCOME TAX RATE REDUCTIONS AND**
 21 **INFLATION ADJUSTMENTS.**

22 (a) IN GENERAL.—

23 (1) MARRIED INDIVIDUALS FILING JOINT RE-
 24 TURNS AND SURVIVING SPOUSES.—Subsection (a) of

1 section 1 is amended by striking the table and in-
 2 serting the following:

“If taxable income is:	The tax is:
Not over \$100,000	15 percent of taxable income.
Over \$100,000 but not over \$500,000.	\$15,000, plus 25 percent of the excess over \$100,000.
Over \$500,000	\$115,000, plus 28 percent of the excess over \$500,000.”.

3 (2) HEADS OF HOUSEHOLDS.—Subsection (b)
 4 of section 1 is amended by striking the table and in-
 5 serting the following:

“If taxable income is:	The tax is:
Not over \$50,000	15 percent of taxable income.
Over \$50,000 but not over \$250,000.	\$7,500, plus 25 percent of the excess over \$50,000.
Over \$250,000	\$57,500, plus 28 percent of the excess over \$250,000.”.

6 (3) UNMARRIED INDIVIDUALS (OTHER THAN
 7 SURVIVING SPOUSES AND HEADS OF HOUSE-
 8 HOLDS).—Subsection (c) of section 1 is amended by
 9 striking the table and inserting the following:

“If taxable income is:	The tax is:
Not over \$50,000	15 percent of taxable income.
Over \$50,000 but not over \$250,000.	\$7,500, plus 25 percent of the excess over \$250,000.
Over \$250,000	\$57,500, plus 28 percent of the excess over \$250,000.”.

10 (4) MARRIED INDIVIDUALS FILING SEPARATE
 11 RETURNS.—Subsection (d) of section 1 is amended
 12 by striking the table and inserting the following:

“If taxable income is:	The tax is:
Not over \$50,000	15 percent of taxable income.
Over \$50,000 but not over \$250,000.	\$7,500, plus 25 percent of the excess over \$250,000.
Over \$250,000	\$57,500, plus 28 percent of the excess over \$250,000.”.

1 (5) CONFORMING AMENDMENTS.—Section 1 is
2 amended by striking subsections (i) and (j).

3 (b) INFLATION ADJUSTMENTS APPLIED BASED ON
4 CPI.—Paragraph (3) of section 1(f) is amended to read
5 as follows:

6 “(3) COST-OF-LIVING ADJUSTMENT.—For pur-
7 poses of this subsection—

8 “(A) IN GENERAL.—The cost-of-living ad-
9 justment for any calendar year is the percent-
10 age (if any) by which—

11 “(i) the CPI for the preceding cal-
12 endar year, exceeds

13 “(ii) the CPI for calendar year 2016,
14 multiplied by the amount determined
15 under subparagraph (B).

16 “(B) AMOUNT DETERMINED.—The
17 amount determined under this subparagraph is
18 the product of—

19 “(i) the amount obtained by divid-
20 ing—

21 “(I) the C-CPI-U for calendar
22 year 2016, by

23 “(II) the CPI for calendar year
24 2016, and

1 “(ii) the amount obtained by divid-
2 ing—

3 “(I) the CPI for calendar year
4 2021, by

5 “(II) the C-CPI-U for calendar
6 year 2021.

7 “(C) SPECIAL RULE FOR ADJUSTMENTS
8 WITH A BASE YEARS AFTER 2016.—

9 “(i) BASE YEARS AFTER 2021.—For
10 purposes of any provision of this title
11 which provides for the substitution of a
12 year after 2021 for ‘2016’ in subparagraph
13 (A)(ii), such subparagraph shall be applied
14 without regard to ‘, multiplied by the
15 amount determined under subparagraph
16 (B)’.

17 “(ii) BASE YEARS AFTER 2016 AND
18 BEFORE 2022.—For purposes of any provi-
19 sion of this title which provides for the
20 substitution of a year after 2016 and be-
21 fore 2021 for ‘2016’ in subparagraph
22 (A)(ii)—

23 “(I) subparagraph (A)(ii) shall
24 be applied by substituting ‘C-CPI-U’
25 for ‘CPI’, and

1 “(II) the amount determined
 2 under subparagraph (B) shall be the
 3 amount obtained by dividing—

4 “(aa) the CPI for calendar
 5 year 2021, by

6 “(bb) the C-CPI-U for cal-
 7 endar year 2021.”.

8 (c) CONFORMING AMENDMENTS RELATED TO RATE
 9 CHANGES.—

10 (1) IN GENERAL.—Paragraph (3) of section
 11 1(f) is amended by inserting “, except as provided
 12 in paragraph (7),” after “for any calendar year”.

13 (2) UPDATED COST-OF-LIVING ADJUSTMENT
 14 FOR NEW RATES.—Section 1(f) is amended by strik-
 15 ing paragraphs (8) and inserting the following:

16 “(8) COST-OF-LIVING ADJUSTMENT FOR YEARS
 17 AFTER 2021.—

18 “(A) CALENDAR YEAR 2022.—In pre-
 19 scribing the tables under paragraph (1) which
 20 apply in lieu of the tables contained in sub-
 21 sections (a), (b), (c), and (d) with respect to
 22 taxable years beginning in calendar year 2022,
 23 the Secretary shall make no adjustment to the
 24 dollar amounts in any such table.

“(B) LATER CALENDAR YEARS.—In prescribing tables under paragraph (1) which apply in lieu of the tables contained in subsections (a), (b), (c), and (d) with respect to taxable years beginning after December 31, 2022, the cost-of-living adjustment used in making adjustments to the dollar amounts in such tables shall be determined under paragraph (3) by substituting ‘2021’ for ‘2016’ in subparagraph (A)(ii) thereof.”.

(3) OTHER CONFORMING AMENDMENTS.—

(A) Paragraph (2) of section 1(f) is amended—

(i) by striking “paragraph (8)” in subparagraph (A) and inserting “paragraph (7)(A)”, and

(ii) by striking “by adjusting” in subparagraph (C) and inserting “except as provided in paragraph (7)(A), by adjusting”.

(B) The heading of subsection (f) of section 1 is amended by striking “PHASEOUT OF MARRIAGE PENALTY IN 15-PERCENT BRACKET; ADJUSTMENTS” and inserting “ADJUSTMENTS”.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2021.

SEC. 202. FAMILY ALLOWANCE AMOUNTS; REPEAL OF PERSONAL EXEMPTION DEDUCTION.

(a) FAMILY ALLOWANCE AMOUNT.—

(1) IN GENERAL.—Section 63 is amended to read as follows:

“SEC. 63. TAXABLE INCOME DEFINED.

“(a) IN GENERAL.—For purposes of this subtitle, the term ‘taxable income’ means adjusted gross income minus—

“(1) the deductions allowed by this chapter (other than those taken into account in determining adjusted gross income), and

“(2) the family allowance amount.

“(b) FAMILY ALLOWANCE AMOUNT.—For purposes of this subtitle—

“(1) IN GENERAL.—The family allowance amount with respect to a taxpayer shall be determined in accordance with the following table:

“If the taxpayer is:	The family allowance amount is:
Single or married filing separately	\$50,000
Married filing jointly or a surviving spouse	\$100,000
A head of a household	\$75,000.

1 “(2) DEFINITIONS.—For purposes of this sub-
2 section—

3 “(A) the term ‘single or married filing sep-
4 arately’ means a taxpayer to whom subsection
5 (c) or (d) of section 1 applies,

6 “(B) the term ‘married filing jointly or a
7 surviving spouse’ means a taxpayer to whom
8 subsection (a) of section 1 applies, and

9 “(C) the term ‘head of a household’ means
10 a taxpayer to whom subsection (b) of section 1
11 applies.

12 “(3) ADJUSTMENT FOR INFLATION.—In the
13 case of any taxable year beginning after 2022, each
14 of the dollar amounts in the table under paragraph
15 (1) shall be increased by an amount equal to—

16 “(A) such dollar amount, multiplied by

17 “(B) the cost-of-living adjustment deter-
18 mined under section 1(f)(3) for the calendar
19 year in which the taxable year begins, by sub-
20 stituting ‘2021’ for ‘2016’ in subparagraph
21 (A)(ii) thereof.

22 “(c) CROSS REFERENCES.—

23 “(1) For deductions of estates and trusts in
24 lieu of the family allowance amount, see section
25 642(b).

1 “(2) For calculation of family allowance relat-
2 ing to nonresident aliens, see section 873(b)(3).

3 “(3) For determination of marital status, see
4 section 7703.”.

5 (2) APPLICATION OF FAMILY ALLOWANCE TO
6 CERTAIN RULES.—

7 (A) SOURCE RULES.—

8 (i) Section 861(b) is amended by
9 striking “the standard deduction” and in-
10 serting “the family allowance”.

11 (ii) Section 862(b) is amended by
12 striking “the standard deduction” and in-
13 serting “the family allowance”.

14 (B) THRESHOLD FOR REQUIREMENT TO
15 MAKE RETURN.—

16 (i) Section 6012(a)(1) is amended to
17 read as follows:

18 “(1)(A) Every individual—

19 “(i) having for the taxable year gross in-
20 come which equals or exceeds the family allow-
21 ance amount applicable to the individual under
22 section 63, or

23 “(ii) in the case of individuals entitled to
24 make a joint return (but only if the individual
25 and the individual’s spouse had the same house-

1 hold as their home at the close of the taxable
 2 year), every individual whose gross income,
 3 when combined with the gross income of the in-
 4 dividual's spouse, equals or exceeds the family
 5 allowance amount applicable to taxpayers who
 6 are married filing jointly under section 63.

7 “(B) Every individual not described in subpara-
 8 graph (A) who is taken into account as a dependent
 9 by another taxpayer under section 7706 for purposes
 10 of any provision of this title, but only if such individ-
 11 ual's gross income, when combined with the gross in-
 12 come of all individuals taken into account in deter-
 13 mining the family allowance amount under section
 14 63(b) of the taxpayer, equals or exceeds the family
 15 allowance amount applicable to the taxpayer under
 16 such section.”.

17 (ii) Section 6012(a)(8) is amended by
 18 striking “is not less than the sum of the
 19 exemption amount plus the basic standard
 20 deduction under section 63(c)(2)(D)” and
 21 inserting “equals or exceeds the family al-
 22 lowance amount applicable to the estate
 23 under section 1398(c)(3)”.

24 (iii) Section 6012 is amended by
 25 striking subsection (f).

1 (C) OTHER RULES.—

2 (i) Section 1398(c) is amended—

3 (I) by striking paragraph (3) and
4 inserting the following:

5 “(3) FAMILY ALLOWANCE AMOUNT.—The fam-
6 ily allowance amount under section 63(b) taken into
7 account for the estate for the taxable year shall be
8 the same as for a taxpayer who is single or married
9 filing separately.”, and

10 (II) by striking “BASIC STAND-
11 ARD DEDUCTION” in the heading and
12 inserting “FAMILY ALLOWANCE
13 AMOUNT”.

14 (ii) Section 6014 is amended—

15 (I) by striking “who dos not
16 itemize his deductions and who is not
17 described in section 6012(a)(1)(C)(i)”
18 in subsection (a) and inserting “who
19 is not described in section
20 6012(a)(1)(B)”, and

21 (II) by striking subsection (b)(4)
22 and inserting the following:

23 “(4) to cases where the taxpayer claims deduc-
24 tions in addition to the family allowance.”.

1 (b) PERMANENT REPEAL OF DEDUCTION FOR PER-
2 SONAL EXEMPTIONS.—

3 (1) IN GENERAL.—Part V of subchapter B of
4 chapter 1 is hereby repealed.

5 (2) DEFINITION OF DEPENDENT RETAINED.—

6 (A) IN GENERAL.—Section 152, prior to
7 the repeal made by subsection (a), is hereby re-
8 designated as section 7706 and moved to the
9 end of chapter 79.

10 (B) IDENTIFYING INFORMATION REQUIRED
11 TO TREAT INDIVIDUAL AS DEPENDENT.—Sec-
12 tion 7706, as redesignated by subparagraph
13 (A), is amended by adding at the end the fol-
14 lowing new subsection:

15 “(g) IDENTIFYING INFORMATION REQUIRED.—No
16 individual shall be treated as a dependent of the taxpayer
17 under this section for a taxable year unless the taxpayer
18 includes the TIN of such individual on the return of tax
19 for the taxable year.”.

20 (3) APPLICATION OF REPEAL TO CERTAIN
21 RULES.—

22 (A) DETERMINATION OF DEPENDENT.—
23 Section 7706, as redesignated by subparagraph
24 (A), is amended—

25 (i) in subsection (d)—

1 (I) by striking “the exemption
 2 amount (as defined in section
 3 151(d))” in subparagraph (1)(B) and
 4 inserting “\$4,150”, and

5 (II) by adding at the end the fol-
 6 lowing new paragraph:

7 “(6) INFLATION ADJUSTMENT.—In the case of
 8 any taxable year beginning in a calendar year begin-
 9 ning after 2018, the \$4,150 amount in paragraph
 10 (1)(B) shall be increased by an amount equal to—

11 “(A) such dollar amount, multiplied by

12 “(B) the cost-of-living adjustment deter-
 13 mined under section 1(c)(2)(A) for the calendar
 14 year in which such taxable year begins, deter-
 15 mined by substituting ‘calendar year 2017’ for
 16 ‘calendar year 2016’ in clause (ii) thereof.”,
 17 and

18 (ii) in subsection (f)(6)(B)(i), by
 19 striking “the deduction under section
 20 151(c)” and inserting “the family allow-
 21 ance amount under section 63(b)”.

22 (B) NET OPERATING LOSS.—Section
 23 172(d)(3) is amended to read as follows:

24 “(3) FAMILY ALLOWANCE AMOUNT.—Taxable
 25 income under section 63 shall be determined without

1 regard to paragraph (2) of section 63(a), relating to
2 the family allowance amount. No deduction in lieu of
3 such family allowance amount shall be allowed.”.

4 (C) SHORT TAXABLE YEARS.—

5 (i) Section 443(c) is amended—

6 (I) by striking “the exemptions
7 allowed as a deduction under section
8 151 (and any deduction in lieu there-
9 of) shall be reduced to amounts which
10 bear the same ratio to the full exemp-
11 tions” and inserting “the family al-
12 lowance amount under section 63
13 (and any deduction in lieu thereof)
14 shall be reduced to an amount which
15 bears the same ratio to the full family
16 allowance amount”, and

17 (II) by striking “DEDUCTION
18 FOR PERSONAL EXEMPTIONS” in the
19 heading and inserting “FAMILY AL-
20 LOWANCE AMOUNT”.

21 (ii) Section 441(f)(2)(B)(iii) is amend-
22 ed by striking “of the deductions for per-
23 sonal exemptions as described in section
24 443(c)” and inserting “of the family allow-
25 ance amount”.

1 (D) APPLICATION TO TRUSTS AND ES-
 2 TATES.—

3 (i) Section 642(b)(2)(C) is amended—

4 (I) by striking “the exemption
 5 amount under section 151(d)” in
 6 clause (i) and inserting “the dollar
 7 amount in effect under section
 8 7706(d)(1)(B)”, and

9 (II) by striking clause (iii).

10 (ii) Section 642(b)(3) is amended—

11 (I) by striking “the deductions
 12 allowed under section 151 (relating to
 13 deduction for personal exemption)”
 14 and inserting “the family allowance
 15 amount”, and

16 (II) by striking “PERSONAL EX-
 17 EMPTION” in the heading and insert-
 18 ing “FAMILY ALLOWANCE AMOUNT”.

19 (E) PARTNERSHIP COMPUTATIONS.—Sec-
 20 tion 703(a) is amended—

21 (i) by striking “and” at the end of
 22 paragraph (1),

23 (ii) by striking subparagraph (A) of
 24 paragraph (2) and by redesignating sub-
 25 paragraphs (B), (C), (D), (E), and (F) of

1 such paragraph as subparagraphs (A), (B),
2 (C), (D), and (E),

3 (iii) by striking the period at the end
4 of paragraph (2)(F) and inserting “, and”,
5 and

6 (iv) by adding at the end the following
7 new paragraph:

8 “(3) taxable income under section 63 shall be
9 determined without regard to the family allowance
10 amount.”.

11 (F) NONRESIDENT ALIENS.—

12 (i) Section 873(b) is amended—

13 (I) by striking “deductions” in
14 the matter preceding paragraph (1),
15 and

16 (II) by striking paragraph (3)
17 and inserting the following:

18 “(3) FAMILY ALLOWANCE AMOUNT.—The fam-
19 ily allowance amount under section 63(a)(2), except
20 that the taxpayer shall be treated for purposes of
21 section 63(b) as single or married filing separately
22 unless the taxpayer is a resident of a contiguous
23 country or is a national of the United States.”.

24 (ii)(I) The heading of section 873 is
25 amended by striking “**DEDUCTIONS**” and

1 inserting “**DEDUCTIONS AND ALLOW-**
 2 **ANCES**”.

3 (II) The item relating to section 873
 4 in the table of sections for subpart A of
 5 part II of subchapter N of chapter 1 is
 6 amended to read as follows:

“Sec. 873. Deductions and allowances.”.

7 (iii) Section 874(b) is amended by
 8 striking “deduction for exemptions under
 9 section 151” and inserting “the family al-
 10 lowance amount under section 63”.

11 (iv) Section 891 is amended by strik-
 12 ing “deductions allowable under section
 13 151 and under” and inserting “the family
 14 allowance amount under section 63(a)(2)
 15 and the deductions allowable under”.

16 (G) FOREIGN TAX CREDIT.—Section
 17 904(b)(1) is amended to read as follows:

18 “(1) FAMILY ALLOWANCE AND DEDUCTIONS.—

19 For purposes of subsection (a), the taxable income
 20 in the case of an individual, estate, or trust shall be
 21 computed without regard to the family allowance
 22 amount under section 63(a)(2) or any deduction in
 23 lieu of such amount under section 642(b)(3).”.

24 (H) TREATMENT OF POSSESSIONS.—

(i) Section 931(b)(1) is amended by striking “the deduction under section 151, relating to personal exemptions” and inserting “the family allowance amount under section 63(c)”.

(ii) Section 933 is amended—

(I) by striking “the deduction under section 151, relating to personal exemptions” in paragraph (1) and inserting “the family allowance amount under section 63(c)”, and

(II) by striking “the deduction for personal exemptions under section 151” in paragraph (2) and inserting “the family allowance amount under section 63(c)”.

(I) CAPITAL LOSSES.—Section 1212(b)(2)(B)(ii) is amended to read as follows:

“(ii) in the case of an estate or trust, the deduction allowed for such year under section 642(b).”.

(J) NET EARNINGS FROM SELF-EMPLOYMENT.—Section 1402(a) is amended by striking paragraph (7).

(K) PAYROLL WITHHOLDING.—

1 (i) IN GENERAL.—Paragraph (1) of
 2 section 3402(f) is amended by striking
 3 subparagraph (A) and all that follows and
 4 inserting the following:

5 “(A) the family allowance amount; and

6 “(B) any additional amounts to which the
 7 employee elects to take into account under sub-
 8 section (m), but only if the employee’s spouse
 9 does not have in effect a withholding allowance
 10 certificate claiming such allowance.”.

11 (ii) FAMILY ALLOWANCE EXEMPTION
 12 AMOUNT.—Subsection (f) of section 3402
 13 is amended—

14 (I) by redesignating paragraphs
 15 (2), (3), (4), (5), (6), and (7) as para-
 16 graphs (3), (4), (5), (6), (7), and (8),
 17 respectively,

18 (II) by striking “paragraph
 19 (2)(C)” in paragraph (3)(B)(iii) and
 20 inserting “paragraph (3)(C)”, and

21 (III) by inserting after paragraph
 22 (1) the following new paragraph:

23 “(2) FAMILY ALLOWANCE EXEMPTION
 24 AMOUNT.—For purposes of this section—

1 “(A) IN GENERAL.—Except as provided in
2 subparagraphs (B) and (C), the term ‘family al-
3 lowance exemption amount’ means the family
4 allowance amount with respect to the taxpayer
5 under section 63(b) for the taxable year in
6 which the payroll period begins, prorated to the
7 payroll period.

8 “(B) MARRIED EMPLOYEES.—If the em-
9 ployee is married filing jointly and the employ-
10 ee’s spouse is an employee receiving wages, the
11 employee and the employee’s spouse may divide
12 the family allowance amount determined under
13 section 63(b) in the proportion of their choice
14 for purposes of this paragraph, but the sum of
15 the family allowance exemption amounts
16 claimed by the employee and the employee’s
17 spouse shall not exceed such family allowance
18 amount.

19 “(C) EMPLOYEES WITH MORE THAN 1 EM-
20 PLOYER.—In the case of an employee that has
21 withholding exemption certificates in effect with
22 respect to more than 1 employer, the employee
23 may divide the family allowance amount (or the
24 employee’s share of such amount after the ap-
25 plication of subparagraph (B), if applicable) de-

1 terminated under section 63(b) among employers
 2 in the proportion of the employee's choice for
 3 purposes of this paragraph, but the sum of the
 4 family allowance exemption amounts claimed by
 5 the employee with respect to all employers shall
 6 not exceed such family allowance amount (or
 7 the employee's share of such amount after the
 8 application of subparagraph (B), if applica-
 9 ble).”.

10 (iii) CONFORMING AMENDMENTS.—

11 (I) Paragraph (7) of section
 12 3402(f), as redesignated by subpara-
 13 graph (B)(i) of this paragraph, is
 14 amended by striking “shall be entitled
 15 to only one withholding exemption”
 16 and inserting “shall be treated as sin-
 17 gle or married filing separately for
 18 purposes of determining the family al-
 19 lowance exemption amount”.

20 (II) Paragraph (8) of section
 21 3402(f), as redesignated by subpara-
 22 graph (B)(i) of this paragraph, is
 23 amended by inserting “, except as
 24 provided in paragraph (2)(C)” after
 25 “with respect to one employer”.

1 (III) Paragraph (3) of section
 2 3402(m) is amended by striking “de-
 3 ductions (including the additional
 4 standard deduction under section
 5 63(c)(3) for the aged and blind)” and
 6 inserting “deductions”.

7 (IV) Paragraph (2) of section
 8 3402(r) is amended striking “the sum
 9 of” and all that follows and inserting
 10 “the family allowance amount deter-
 11 mined under section 63(b) for a tax-
 12 payer who is single or married filing
 13 separately.”.

14 (V) Section 6040(4) is amended
 15 by striking “section 3402(f)(2), (3),
 16 (4), and (5)” and inserting “para-
 17 graphs (3), (4), (5), and (6) of section
 18 3402(f)”.

19 (L) JOINT RETURNS.—Section
 20 6013(b)(3)(A) is amended by striking “has the
 21 meaning given to such term” and all that fol-
 22 lows and inserting “means the family allowance
 23 amount applicable to a taxpayer who is single
 24 or married filing separately under section
 25 63(b).”.

1 (M) AMOUNTS SUBJECT TO LEVY.—

2 (i) Section 6334(d)(2)(A) is amended
3 to read as follows:

4 “(A) 50 percent of the family allowance
5 amount determined under section 63(b) with re-
6 spect to the taxpayer for the taxable year in
7 which such levy occurs, divided by”.

8 (ii) Section 6334(d) is amended by
9 striking paragraph (4).

10 (c) OTHER CONFORMING AMENDMENTS.—

11 (1) Section 1(f)(7) is amended—

12 (A) by striking “section 63(c)(4), section
13 68(b)(2) or section 151(d)(4)” in subparagraph
14 (A) and inserting “subsection (g)(4)(B), section
15 63(b)(3), section 68(b)(2), or section
16 7706(d)(6)”, and

17 (B) by striking “sections 63(c)(4) and sec-
18 tion 151(d)(4)(A)” in subparagraph (B) and in-
19 serting “sections 63(b)(3) and 7706(d)(6)”.

20 (2) Section 1(g)(4) is amended—

21 (A) by striking subparagraph (A)(ii)(I)
22 and inserting the following:

23 “(I) \$500, plus”, and

24 (B) by redesignating subparagraphs (B)
25 and (C) as subparagraphs (C) and (D), respec-

tively, and inserting after subparagraph (A) the following new subparagraph:

“(B) ADJUSTMENT FOR INFLATION.—In the case of any taxable year beginning in a calendar year after 1988, the \$500 amount in subparagraph (A)(ii)(I) shall be increased by an amount equal to—

“(i) such dollar amount, multiplied by

“(ii) the cost-of-living adjustment determined under subsection (f)(3) for the calendar year in which the taxable year begins, by substituting ‘1987’ for ‘2016’ in subparagraph (A)(ii) thereof.”.

(3) Section 1(g)(5)(A) is amended by striking “section 152(e)” and inserting “section 7706(e)”.

(4) Section 2(a)(1)(B) is amended—

(A) by striking “section 152” and inserting “section 7706”, and

(B) by striking “with respect to whom the taxpayer is entitled to a deduction for the taxable year under section 151” and inserting “whose TIN is included on the taxpayer’s return of tax for the taxable year”.

(5) Section 2(b)(1)(A)(i) is amended—

1 (A) in the matter preceding subclause

2 (I)—

3 (i) by striking “section 152(c)” and

4 inserting “section 7706(c)”, and

5 (ii) by striking “section 152(e)” and

6 inserting “section 7706(e)”, and

7 (B) in subclause (II), by striking “section

8 152(b)(2) or 152(b)(3)” and inserting “section

9 7706(b)(2) or 7706(b)(3)”.

10 (6) Section 2(b)(1)(A)(ii) is amended by strik-

11 ing “if the taxpayer is entitled to a deduction for the

12 taxable year for such person under section 151” and

13 inserting “if the taxpayer included such person’s

14 TIN on the return of tax for the taxable year”.

15 (7) Section 2(b)(1)(B) is amended by striking

16 “if the taxpayer is entitled to a deduction for the

17 taxable year for such father or mother under section

18 151” and inserting “if such father or mother is a

19 dependent of the taxpayer and the taxpayer included

20 such father or mother’s TIN on the return of tax for

21 the taxable year”.

22 (8) Section 2(b)(3)(B) is amended—

23 (A) by striking “section 152(d)(2)” in

24 clause (i) and inserting “section 7706(d)(2)”,

25 and

1 (B) by striking “section 152(d)” in clause
2 (ii) and inserting “section 7706(d)”.

3 (9) Section 36B(b)(2)(A) is amended by strik-
4 ing “section 152” and inserting “section 7706”.

5 (10) Section 36B(b)(3)(B) is amended by strik-
6 ing “unless a deduction is allowed under section 151
7 for the taxable year with respect to a dependent” in
8 the flush matter at the end and inserting “unless
9 the taxpayer has a dependent for the taxable year
10 (and the taxpayer included such dependent’s TIN on
11 the return of tax for the taxable year)”.

12 (11) Section 36B(c)(1)(D) is amended by strik-
13 ing “with respect to whom a deduction under section
14 151 is allowable to another taxpayer” and inserting
15 “who is a dependent of another taxpayer”.

16 (12) Section 36B(d)(1) is amended by striking
17 “equal to the number of individuals for whom the
18 taxpayer is allowed a deduction under section 151
19 (relating to allowance of deduction for personal ex-
20 emptions) for the taxable year” and inserting “the
21 sum of 1 (2 in the case of a joint return) plus the
22 number of individuals who are dependents of the
23 taxpayer for the taxable year”.

24 (13) Section 36B(e)(1) is amended by striking
25 “1 or more individuals for whom a taxpayer is al-

1 lowed a deduction under section 151 (relating to al-
 2 lowance of deduction for personal exemptions) for
 3 the taxable year (including the taxpayer or his
 4 spouse)” and inserting “1 or more of the taxpayer,
 5 the taxpayer’s spouse, or any dependent of the tax-
 6 payer”.

7 (14) Section 42(i)(3)(D)(ii)(I) is amended by
 8 striking “section 152” and inserting “section 7706”.

9 (15) Section 45R(e)(1)(A)(iv) is amended—

10 (A) by striking “section 152(d)(2)” and in-
 11 serting “section 7706(d)(2)”, and

12 (B) by striking “section 152(d)(2)(H)”
 13 and inserting “section 7706(d)(2)(H)”.

14 (16) Section 51(i)(1) is amended—

15 (A) by striking “section 152(d)(2)” in sub-
 16 paragraphs (A) and (B) and inserting “section
 17 7706(d)(2)”, and

18 (B) by striking “section 152(d)(2)(H)” in
 19 subparagraph (C) and inserting “section
 20 7706(d)(2)(H)”.

21 (17) Section 72(t)(2)(D)(i)(III) is amended by
 22 striking “section 152” and inserting “section 7706”.

23 (18) Section 72(t)(7)(A)(iii) is amended by
 24 striking “section 152(f)(1)” and inserting “section
 25 7706(f)(1)”.

1 (19) Section 105(b) is amended—

2 (A) by striking “as defined in section 152”

3 and inserting “as defined in section 7706”,

4 (B) by striking “section 152(f)(1)” and in-

5 serting “section 7706(f)(1)”, and

6 (C) by striking “section 152(e)” and in-

7 serting “section 7706(e)”.

8 (20) Section 105(c)(1) is amended by striking

9 “section 152” and inserting “section 7706”.

10 (21) Section 125(e)(1)(D) is amended by strik-

11 ing “section 152” and inserting “section 7706”.

12 (22) Section 129(c)(1) is amended to read as

13 follows:

14 “(1) who is a dependent of such employee or of

15 such employee’s spouse, or”.

16 (23) Section 129(c)(2) is amended by striking

17 “section 152(f)(1)” and inserting “section

18 7706(f)(1)”.

19 (24) Section 132(h)(2)(B) is amended—

20 (A) by striking “section 152(f)(1)” and in-

21 serting “section 7706(f)(1)”, and

22 (B) by striking “section 152(e)” and in-

23 serting “section 7706(e)”.

24 (25) Section 139D(c)(5) is amended by striking

25 “section 152” and inserting “section 7706”.

1 (26) Section 139E(c)(2) is amended by striking
2 “section 152” and inserting “section 7706”.

3 (27) Section 162(l)(1)(D) is amended by strik-
4 ing “section 152(f)(1)” and inserting “section
5 7706(f)(1)”.

6 (28) Section 170(g)(1) is amended by striking
7 “section 152” and inserting “section 7706”.

8 (29) Section 170(g)(3) is amended by striking
9 “section 152(d)(2)” and inserting “section
10 7706(d)(2)”.

11 (30) Section 213(a) is amended by striking
12 “section 152” and inserting “section 7706”.

13 (31) Section 213(d)(5) is amended by striking
14 “section 152(e)” and inserting “section 7706(e)”.

15 (32) Section 213(d)(11) is amended by striking
16 “section 152(d)(2)” in the matter following subpara-
17 graph (B) and inserting “section 7706(d)(2)”.

18 (33) Section 220(b)(6) is amended by striking
19 “with respect to whom a deduction under section
20 151 is allowable to” and inserting “who is a depend-
21 ent of”.

22 (34) Section 220(d)(2)(A) is amended by strik-
23 ing “section 152” and inserting “section 7706”.

24 (35) Section 223(b)(6) is amended by striking
25 “with respect to whom a deduction under section

1 151 is allowable to” and inserting “who is a depend-
2 ent of”.

3 (36) Section 223(d)(2)(A) is amended by strik-
4 ing “section 152” and inserting “section 7706”.

5 (37) Section 401(h) is amended by striking
6 “section 152(f)(1)” in the last sentence and insert-
7 ing “section 7706(f)(1)”.

8 (38) Section 402(l)(4)(D) is amended by strik-
9 ing “section 152” and inserting “section 7706”.

10 (39) Section 409A(a)(2)(B)(ii)(I) is amended
11 by striking “section 152(a)” and inserting “section
12 7706(a)”.

13 (40) Section 501(c)(9) is amended by striking
14 “section 152(f)(1)” and inserting “section
15 7706(f)(1)”.

16 (41) Section 529(e)(2)(B) is amended by strik-
17 ing “section 152(d)(2)” and inserting “section
18 7706(d)(2)”.

19 (42) Section 529A(e)(4) is amended—

20 (A) by striking “section 152(d)(2)(B)” and
21 inserting “section 7706(d)(2)(B)”, and

22 (B) by striking “section 152(f)(1)(B)” and
23 inserting “section 7706(f)(1)(B)”.

24 (43) Section 643(a)(2) is amended—

1 (A) by striking “(relating to deduction for
2 personal exemptions)” and inserting “(relating
3 to basic deduction)”, and

4 (B) by striking “DEDUCTION FOR PER-
5 SONAL EXEMPTION” in the heading thereof and
6 inserting “BASIC DEDUCTION”.

7 (44) Section 1361(c)(1)(C) is amended by strik-
8 ing “section 152(f)(1)(C)” and inserting “section
9 7706(f)(1)(C)”.

10 (45) Section 2032A(c)(7)(D) is amended by
11 striking “section 152(f)(2)” and inserting “section
12 7706(f)(2)”.

13 (46) Section 5000A(b)(3)(A) is amended by
14 striking “section 152” and inserting “section 7706”.

15 (47) Section 5000A(c)(4)(A) is amended by
16 striking “the number of individuals for whom the
17 taxpayer is allowed a deduction under section 151
18 (relating to allowance of deduction for personal ex-
19 emptions) for the taxable year” and inserting “the
20 sum of 1 (2 in the case of a joint return) plus the
21 number of the taxpayer’s dependents for the taxable
22 year”.

23 (48) Section 6103(l)(21)(A)(iii) is amended by
24 striking “for whom a deduction is allowed under sec-
25 tion 151” and inserting “who is taken into account

1 as a dependent under section 7706 for purposes of
2 any provision of this title”.

3 (49) Section 6213(g)(2)(H) is amended by
4 striking “section 21 (relating to expenses for house-
5 hold and dependent care services necessary for gain-
6 ful employment) or section 151 (relating to allow-
7 ance of deductions for personal exemptions)” and in-
8 serting “subsection (a)(1)(B), (b)(1)(A)(ii), or
9 (b)(1)(B) of section 2 or section 36B(b)(3)(B)”.

10 (50) Section 7702B(f)(2)(C)(iii) is amended by
11 striking “section 152(d)(2)” and inserting “section
12 7706(d)(2)”.

13 (51) Section 7703(a) is amended by striking
14 “part V of subchapter B of chapter 1 and”.

15 (52) Section 7703(b)(1) is amended by striking
16 “section 152(f)(1))” and all that follows and insert-
17 ing “section 7706(f)(1)) who is a dependent of such
18 individual for the taxable year (or would be but for
19 section 7706(e)),”.

20 (53) Section 7706(a), as redesignated by this
21 section, is amended by striking “this subtitle” and
22 inserting “subtitle A”.

23 (54) Section 7706(e)(3), as redesignated by this
24 section, is amended by inserting “(as in effect before
25 its repeal)” after “section 151”.

1 (55) The table of parts for subchapter B of
 2 chapter 1 is amended by striking the item relating
 3 to part V.

4 (56) The table of sections for chapter 79 is
 5 amended by adding at the end the following new
 6 item:

“Sec. 7706. Dependent defined.”.

7 (d) EFFECTIVE DATE.—The amendments made by
 8 this section shall apply to taxable years beginning after
 9 December 31, 2021.

10 **SEC. 203. REPEAL OF LIMITATIONS RELATING TO ITEMIZED**
 11 **DEDUCTIONS.**

12 (a) IN GENERAL.—Sections 67 and 68 are repealed.

13 (b) CONFORMING AMENDMENTS.—

14 (1) Section 162(o) is amended by striking para-
 15 graph (2) and redesignating paragraph (3) as para-
 16 graph (2).

17 (2) Section 164(b)(5)(H)(ii) is amended—

18 (A) by striking the comma at the end of
 19 subclause (I) and inserting “, and”,

20 (B) by striking “, and” at the end of sub-
 21 clause (II) and inserting a period, and

22 (C) by striking subclause (III).

23 (3) Section 302(b)(5) is amended by inserting
 24 “, as in effect on December 31, 2021” after
 25 “67(c)(2)(B)”.

1 (4) Section 562(c) is amended by inserting “,
2 as in effect on December 31, 2021” after
3 “67(c)(2)(B)”.

4 (5) Section 642(b)(2)(C)(i)(II) is amended by
5 inserting “, and as in effect on December 31, 2021”
6 after “642(b)”.

7 (6) Section 6654(d)(1)(C)(iii) is amended by in-
8 serting “, as in effect on December 31, 2021” before
9 the period.

10 (c) EFFECTIVE DATE.—The repeal and the amend-
11 ments made by this section shall apply to taxable years
12 beginning after December 31, 2021.

13 **SEC. 204. RESTORATION OF CERTAIN DEDUCTIONS.**

14 (a) DEDUCTION FOR QUALIFIED RESIDENCE INTER-
15 EST.—Section 163(h)(3) is amended by striking subpara-
16 graph (F).

17 (b) DEDUCTION FOR STATE AND LOCAL TAXES.—
18 Section 164(b) is amended by striking paragraph (6).

19 (c) DEDUCTION FOR PERSONAL CASUALTY
20 LOSSES.—Section 165(h) is amended by striking para-
21 graph (5).

22 (d) EFFECTIVE DATE.—The amendments made by
23 this section shall apply to taxable years beginning after
24 December 31, 2021.

1 **SEC. 205. TERMINATION OF SEPARATE TREATMENT OF**
2 **CAPITAL GAINS.**

3 Subsection (h) of section 1 is amended by adding at
4 the end the following new paragraph:

5 “(12) **TERMINATION.**—This subsection shall not
6 apply to any taxable year beginning after December
7 31, 2021.”.

8 **SEC. 206. REPEALS.**

9 (a) **IN GENERAL.**—The following provisions of the In-
10 ternal Revenue Code of 1986 are repealed:

11 (1) Subpart A of part IV of subchapter A of
12 chapter 1 (relating to nonrefundable personal cred-
13 its).

14 (2) Subpart B of part IV of subchapter A of
15 chapter 1 (relating to other credits), other than sec-
16 tion 27 (relating to taxes of foreign countries and
17 possessions of the United States; possession tax
18 credit).

19 (3) Sections 34, 35, and 36.

20 (4) Part VI of subchapter A of chapter 1 (relat-
21 ing to alternative minimum tax).

22 (5) Section 199A (relating to deduction for
23 qualified business income).

24 (6) Section 217 (relating to moving expenses).

25 (7) Section 221 (relating to interest on edu-
26 cation loans).

1 (8) Section 222 (relating to qualified tuition
2 and related expenses).

3 (9) Chapter 2A (relating to unearned income
4 medicare contribution).

5 (b) EFFECTIVE DATE.—The repeals made by sub-
6 section (a) shall take effect for taxable years beginning
7 after December 31, 2021.

8 **SEC. 207. ESTABLISHMENT OF PROGRESSIVE TAX REBATE.**

9 (a) IN GENERAL.—Section 32 is amended to read as
10 follows:

11 **“SEC. 32. PROGRESSIVE TAX REBATE.**

12 “(a) ALLOWANCE OF CREDIT.—In the case of an eli-
13 gible taxpayer, there shall be allowed as a credit against
14 the tax imposed by this subtitle for the taxable year an
15 amount equal to the sum of—

16 “(1) the earned income amount (as determined
17 under subsection (b)),

18 “(2) the child benefit amount (as determined
19 under subsection (c)), plus

20 “(3) the additional child benefit amount (as de-
21 termined under subsection (d)).

22 “(b) EARNED INCOME AMOUNT.—

23 “(1) SINGLE WORKERS.—In the case of an eli-
24 gible taxpayer (other than a head of a household as
25 defined in section 2(b)) who is not filing a joint re-

1 turn for the taxable year under section 6013, the
2 earned income amount shall be equal to—

3 “(A) in the case of a taxpayer whose
4 earned income for the taxable year does not ex-
5 ceed \$6,100, 25.1 percent of such earned in-
6 come,

7 “(B) in the case of a taxpayer whose
8 earned income for the taxable year exceeds
9 \$6,100 but does not exceed \$9,000, \$1,530 plus
10 17.1 percent of such earned income in excess of
11 \$6,100,

12 “(C) in the case of a taxpayer whose
13 earned income (or, if greater, adjusted gross in-
14 come) for the taxable year exceeds \$9,000, but
15 does not exceed \$49,494, \$2,025 minus 5 per-
16 cent of such earned income or adjusted gross
17 income in excess of \$9,000, or

18 “(D) in the case of a taxpayer whose
19 earned income (or, if greater, adjusted gross in-
20 come) for the taxable year exceeds \$49,494, \$0.

21 “(2) HEAD OF HOUSEHOLD.—In the case of an
22 eligible taxpayer who is a head of a household (as
23 defined in section 2(b)), the earned income amount
24 shall be equal to—

1 “(A) in the case of a taxpayer whose
2 earned income for the taxable year does not ex-
3 ceed \$9,150, 25.1 percent of such earned in-
4 come,

5 “(B) in the case of a taxpayer whose
6 earned income for the taxable year exceeds
7 \$9,150 but does not exceed \$13,500, \$2,294
8 plus 17.1 percent of such earned income in ex-
9 cess of \$9,150,

10 “(C) in the case of a taxpayer whose
11 earned income (or, if greater, adjusted gross in-
12 come) for the taxable year exceeds \$13,500, but
13 does not exceed \$74,241, \$3,037 minus 5 per-
14 cent of such earned income or adjusted gross
15 income in excess of \$13,500, or

16 “(D) in the case of a taxpayer whose
17 earned income (or, if greater, adjusted gross in-
18 come) for the taxable year exceeds \$74,241, \$0.

19 “(3) MARRIED FILING JOINTLY.—In the case of
20 an eligible taxpayer filing a joint return under sec-
21 tion 6013, the earned income amount shall be deter-
22 mined pursuant to paragraph (1), except that the
23 dollar amounts in effect under such paragraph shall
24 be multiplied by 2.

25 “(c) CHILD BENEFIT AMOUNT.—

1 “(1) IN GENERAL.—In the case of an eligible
2 taxpayer with a qualifying child, the child benefit
3 amount shall be equal to 15 percent of the earned
4 income of such taxpayer for the taxable year.

5 “(2) LIMITATIONS.—

6 “(A) LIMITATION BASED ON NUMBER OF
7 CHILDREN.—The child benefit amount deter-
8 mined under paragraph (1) shall not exceed an
9 amount equal to the product of—

10 “(i) the number of qualifying children
11 of the taxpayer, multiplied by

12 “(ii) \$1,590.

13 “(B) REDUCTION BASED ON EARNINGS OR
14 ADJUSTED GROSS INCOME.—The child benefit
15 amount determined under this subsection (as
16 determined after application of subparagraph
17 (A)) shall be reduced (but not below zero) by an
18 amount equal to 5 percent of the earned income
19 (or, if greater, the adjusted gross income) of
20 the taxpayer for the taxable year in excess of
21 \$75,000 (\$110,000 in the case of a joint re-
22 turn).

23 “(d) ADDITIONAL CHILD BENEFIT AMOUNT.—

1 “(1) IN GENERAL.—In the case of an eligible
2 taxpayer with a qualifying child, the additional child
3 benefit amount shall be equal to—

4 “(A) in the case of a taxpayer whose
5 earned income for the taxable year does not ex-
6 ceed \$20,000, the applicable percentage of such
7 earned income,

8 “(B) in the case of a taxpayer whose
9 earned income exceeds \$20,000 but does not ex-
10 ceed \$25,000, the applicable percentage of
11 \$20,000,

12 “(C) in the case of a taxpayer whose
13 earned income (or, if greater, adjusted gross in-
14 come) exceeds \$25,000 but does not exceed the
15 applicable amount, an amount equal to—

16 “(i) the applicable percentage of
17 \$20,000, minus

18 “(ii) 15 percent of such earned in-
19 come or adjusted gross income in excess of
20 \$25,000, or

21 “(D) in the case of a taxpayer whose
22 earned income (or, if greater, adjusted gross in-
23 come) exceeds the applicable amount, \$0.

24 “(2) APPLICABLE PERCENTAGE.—For purposes
25 of paragraph (1), the applicable percentage is—

1 “(A) in the case of a taxpayer with 1
2 qualifying child, 11 percent,

3 “(B) in the case of a taxpayer with 2
4 qualifying children, 17 percent, and

5 “(C) in the case of a taxpayer with 3 or
6 more qualifying children, 19 percent.

7 “(3) APPLICABLE AMOUNT.—For purposes of
8 paragraph (1), the applicable amount is—

9 “(A) in the case of a taxpayer with 1
10 qualifying child, \$39,667,

11 “(B) in the case of a taxpayer with 2
12 qualifying children, \$47,667, and

13 “(C) in the case of a taxpayer with 3 or
14 more qualifying children, \$50,333.

15 “(e) ELIGIBLE TAXPAYER.—

16 “(1) IN GENERAL.—The term ‘eligible taxpayer’
17 means an individual—

18 “(A) whose principal place of abode is in
19 the United States for more than one-half of
20 such taxable year, and

21 “(B) is not a dependent (as defined under
22 section 152) to another taxpayer for any tax-
23 able year beginning in the same calendar year
24 as such taxable year.

1 “(2) QUALIFYING CHILD INELIGIBLE.—If an
 2 individual is the qualifying child of a taxpayer for
 3 any taxable year of such taxpayer beginning in a cal-
 4 endar year, such individual shall not be treated as
 5 an eligible taxpayer for any taxable year of such in-
 6 dividual beginning in such calendar year.

7 “(3) EXCEPTION FOR TAXPAYER CLAIMING
 8 BENEFITS UNDER SECTION 911.—The term ‘eligible
 9 taxpayer’ does not include any taxpayer who claims
 10 the benefits of section 911 for the taxable year.

11 “(4) LIMITATION ON ELIGIBILITY OF NON-
 12 RESIDENT ALIENS.—The term ‘eligible taxpayer’
 13 shall not include any individual who is a nonresident
 14 alien individual for any portion of the taxable year
 15 unless such individual is treated for such taxable
 16 year as a resident of the United States for purposes
 17 of this chapter by reason of an election under sub-
 18 section (g) or (h) of section 6013.

19 “(5) IDENTIFICATION NUMBER REQUIRE-
 20 MENT.—No credit shall be allowed under this section
 21 to an eligible taxpayer who does not include on the
 22 return of tax for the taxable year—

23 “(A) such individual’s taxpayer identifica-
 24 tion number, and

1 “(B) if the individual is married (within
2 the meaning of section 7703), the taxpayer
3 identification number of such individual’s
4 spouse.

5 “(6) TAXPAYERS WHO DO NOT INCLUDE TIN,
6 ETC., OF ANY QUALIFYING CHILD.—No credit shall
7 be allowed under this section to any eligible taxpayer
8 who has one or more qualifying children if no quali-
9 fying child of such taxpayer is taken into account
10 under subsection (c) or (d) by reason of subsection
11 (f)(4).

12 “(7) TREATMENT OF MILITARY PERSONNEL
13 STATIONED OUTSIDE OF THE UNITED STATES.—For
14 purposes of paragraph (1)(A) and subsection (f)(3),
15 the principal place of abode of a member of the
16 Armed Forces of the United States shall be treated
17 as in the United States during any period during
18 which such member is stationed outside the United
19 States while serving on extended active duty with
20 the Armed Forces of the United States. For pur-
21 poses of the preceding sentence, the term ‘extended
22 active duty’ means any period of active duty pursu-
23 ant to a call or order to such duty for a period in
24 excess of 90 days or for an indefinite period.

25 “(8) JOINT RETURN.—

1 “(A) MARRIED INDIVIDUALS.—In the case
2 of an individual who is married (within the
3 meaning of section 7703), this section shall
4 apply only if a joint return is filed for the tax-
5 able year under section 6013.

6 “(B) OTHER.—In the case of taxpayer fil-
7 ing a joint return under section 6013, such tax-
8 payer shall not be treated as an eligible tax-
9 payer for purposes of this section unless either
10 the taxpayer or the taxpayer’s spouse satisfies
11 each of the requirements under this subsection.

12 “(f) QUALIFYING CHILD.—

13 “(1) IN GENERAL.—The term ‘qualifying child’
14 means a qualifying child of the taxpayer (as defined
15 in section 152(c), determined without regard to
16 paragraph (1)(D) thereof and section 152(e)).

17 “(2) MARRIED INDIVIDUAL.—The term ‘quali-
18 fying child’ shall not include an individual who is
19 married as of the close of the eligible taxpayer’s tax-
20 able year unless the individual qualifies as a depend-
21 ent (as defined under section 152) of the taxpayer
22 for such taxable year.

23 “(3) PLACE OF ABODE.—For purposes of para-
24 graph (1), the requirements of section 152(c)(1)(B)

1 shall be met only if the principal place of abode is
2 in the United States.

3 “(4) IDENTIFICATION REQUIREMENTS.—

4 “(A) IN GENERAL.—A qualifying child
5 shall not be taken into account under sub-
6 section (c) or (d) unless the taxpayer includes
7 the name, age, and TIN of the qualifying child
8 on the return of tax for the taxable year.

9 “(B) OTHER METHODS.—The Secretary
10 may prescribe other methods for providing the
11 information described in subparagraph (A).

12 “(g) EARNED INCOME.—

13 “(1) IN GENERAL.—The term ‘earned income’
14 means—

15 “(A) wages, salaries, tips, and other em-
16 ployee compensation, but only if such amounts
17 are includible in gross income for the taxable
18 year, plus

19 “(B) the amount of the taxpayer’s net
20 earnings from self-employment for the taxable
21 year (within the meaning of section 1402(a)),
22 but such net earnings shall be determined with
23 regard to the deduction allowed to the taxpayer
24 by section 164(f).

1 “(2) SPECIAL RULES.—For purposes of para-
2 graph (1)—

3 “(A) no amount received as a pension or
4 annuity shall be taken into account,

5 “(B) no amount to which section 871(a)
6 applies (relating to income of nonresident alien
7 individuals not connected with United States
8 business) shall be taken into account,

9 “(C) no amount received for services pro-
10 vided by an individual while the individual is an
11 inmate at a penal institution shall be taken into
12 account,

13 “(D) no amount described in paragraph
14 (1) received for service performed in work ac-
15 tivities as defined in paragraph (4) or (7) of
16 section 407(d) of the Social Security Act to
17 which the taxpayer is assigned under any State
18 program under part A of title IV of such Act
19 shall be taken into account, but only to the ex-
20 tent such amount is subsidized under such
21 State program, and

22 “(E) a taxpayer may elect to treat
23 amounts excluded from gross income by reason
24 of section 112 as earned income.

1 “(h) TAXABLE YEAR MUST BE FULL TAXABLE
2 YEAR.—Except in the case of a taxable year closed by rea-
3 son of the death of the eligible taxpayer, no credit shall
4 be allowable under this section in the case of a taxable
5 year covering a period of less than 12 months.

6 “(i) COORDINATION WITH CERTAIN MEANS-TESTED
7 PROGRAMS.—For purposes of—

8 “(1) the United States Housing Act of 1937,

9 “(2) title V of the Housing Act of 1949,

10 “(3) section 101 of the Housing and Urban De-
11 velopment Act of 1965,

12 “(4) sections 221(d)(3), 235, and 236 of the
13 National Housing Act, and

14 “(5) the Food and Nutrition Act of 2008,

15 any refund made to a taxpayer by reason of this section
16 shall not be treated as income (and shall not be taken into
17 account in determining resources for the month of its re-
18 ceipt and the following month).

19 “(j) AMOUNT OF CREDIT TO BE DETERMINED
20 UNDER TABLES.—The amount of the credit allowed by
21 this section shall be determined under tables prescribed
22 by the Secretary.

23 “(k) DENIAL OF CREDIT FOR INDIVIDUALS HAVING
24 EXCESSIVE INVESTMENT INCOME.—

1 “(1) IN GENERAL.—No credit shall be allowed
2 under subsection (a) for the taxable year if the ag-
3 gregate amount of disqualified income of the tax-
4 payer for the taxable year exceeds \$5,000.

5 “(2) DISQUALIFIED INCOME.—For purposes of
6 paragraph (1), the term ‘disqualified income’
7 means—

8 “(A) interest or dividends to the extent in-
9 cludible in income for the taxable year,

10 “(B) interest received or accrued during
11 the taxable year which is exempt from tax im-
12 posed by this chapter,

13 “(C) the excess (if any) of—

14 “(i) gross income from rents or royal-
15 ties not derived in the ordinary course of
16 a trade or business, over

17 “(ii) the sum of—

18 “(I) the deductions (other than
19 interest) which are clearly and directly
20 allocable to such gross income, plus

21 “(II) interest deductions properly
22 allocable to such gross income,

23 “(D) the capital gain net income (as de-
24 fined in section 1222) of the taxpayer for such
25 taxable year, and

1 “(E) the excess (if any) of—

2 “(i) the aggregate income from all
3 passive activities for the taxable year (de-
4 termined without regard to any amount in-
5 cluded in earned income under subsection
6 (f) or described in a preceding subpara-
7 graph), over

8 “(ii) the aggregate losses from all pas-
9 sive activities for the taxable year (as so
10 determined).

11 “(3) PASSIVE ACTIVITY.—For purposes of para-
12 graph (2)(E), the term ‘passive activity’ has the
13 meaning given such term by section 469.

14 “(l) INFLATION ADJUSTMENTS.—

15 “(1) IN GENERAL.—In the case of any taxable
16 year beginning after 2022, each of the dollar
17 amounts in subsections (b), (c), (d), and (j)(1) shall
18 each be increased by an amount equal to—

19 “(A) such dollar amount, multiplied by

20 “(B) the cost-of-living adjustment deter-
21 mined under section 1(f)(3) for the calendar
22 year in which the taxable year begins, deter-
23 mined by substituting ‘2021’ for ‘2016’ in sub-
24 paragraph (A)(ii) thereof.

1 “(2) ROUNDING.—If any dollar amount in sub-
 2 sections (b), (c), (d), and (j)(1), after being in-
 3 creased under paragraph (1), is not a multiple of
 4 \$100, such dollar amount shall be rounded to the
 5 nearest multiple of \$100.

6 “(m) RESTRICTIONS ON TAXPAYERS WHO IMPROP-
 7 ERLY CLAIMED CREDIT IN PRIOR YEAR.—

8 “(1) TAXPAYERS MAKING PRIOR FRAUDULENT
 9 OR RECKLESS CLAIMS.—

10 “(A) IN GENERAL.—No credit shall be al-
 11 lowed under this section for any taxable year in
 12 the disallowance period.

13 “(B) DISALLOWANCE PERIOD.—For pur-
 14 poses of subparagraph (A), the disallowance pe-
 15 riod is—

16 “(i) the period of 10 taxable years
 17 after the most recent taxable year for
 18 which there was a final determination that
 19 the taxpayer’s claim of credit under this
 20 section was due to fraud, and

21 “(ii) the period of 2 taxable years
 22 after the most recent taxable year for
 23 which there was a final determination that
 24 the taxpayer’s claim of credit under this
 25 section was due to reckless or intentional

1 disregard of rules and regulations (but not
2 due to fraud).

3 “(2) TAXPAYERS MAKING IMPROPER PRIOR
4 CLAIMS.—In the case of a taxpayer who is denied
5 credit under this section for any taxable year as a
6 result of the deficiency procedures under subchapter
7 B of chapter 63, no credit shall be allowed under
8 this section for any subsequent taxable year unless
9 the taxpayer provides such information as the Sec-
10 retary may require to demonstrate eligibility for
11 such credit.”.

12 (b) CONFORMING AMENDMENTS.—

13 (1) Section 86(f)(2) is amended by striking
14 “section 32(c)(2)” and inserting “section 32(g)”.

15 (2) Section 129(e)(2) is amended by striking
16 “section 32(c)(2)” and inserting “section 32(g)”.

17 (3) Section 6213(g)(2) is amended—

18 (A) in subparagraph (G), by striking “sec-
19 tion 32(c)(2)(A)” and inserting “section
20 32(g)(1)”, and

21 (B) in subparagraph (K), by striking “sec-
22 tion 32(k)(2)” and inserting “section
23 32(m)(2)”.

1 (4) Paragraph (2) of section 1324(b) of title
 2 31, United States Code, is amended by inserting
 3 “32,” after “25A.”

4 (5) The table of sections for subpart C of part
 5 IV of subchapter A of chapter 1 of subtitle A is
 6 amended by striking the item relating to section 32
 7 and inserting the following:

“Sec. 32. Progressive tax rebate.”.

8 (c) EFFECTIVE DATE.—The amendments made by
 9 this section shall apply to taxable years beginning after
 10 December 31, 2021.

11 **SEC. 208. TECHNICAL AND CONFORMING AMENDMENTS.**

12 The Secretary of the Treasury or the Secretary’s del-
 13 egate shall, not later than 90 days after the date of the
 14 enactment of this Act, submit to the Committee on Ways
 15 and Means of the House of Representatives and the Com-
 16 mittee on Finance of the Senate a draft of any technical
 17 and conforming changes in the Internal Revenue Code of
 18 1986 which are necessary to reflect throughout such Code
 19 the purposes of the provisions of, and amendments made
 20 by, this title.

21 **Subtitle B—Corporate Tax Reforms**

22 **SEC. 211. CORPORATE INCOME TAX RATE REDUCTION.**

23 (a) IN GENERAL.—Subsection (b) of section 11 is
 24 amended to read as follows:

1 “(b) AMOUNT OF TAX.—The amount of the tax im-
 2 posed by subsection (a) shall be an amount equal to 17
 3 percent of the taxable income.”.

4 (b) CONFORMING AMENDMENT.—Section 1551 is
 5 amended—

6 (1) by striking “**BENEFITS OF THE GRAD-**
 7 **UATED CORPORATE RATES AND**” in the heading,

8 (2) by striking “the benefits of the rates con-
 9 tained in section 11(b) which are lower than the
 10 highest rate specified in such section, or” in sub-
 11 section (a), and

12 (3) by striking “such benefits or credit” in sub-
 13 section (a) and inserting “such credit”.

14 (c) EFFECTIVE DATE.—The amendments made by
 15 this section shall apply to taxable years beginning after
 16 December 31, 2021.

17 **TITLE III—REFUND OF EXCESS** 18 **CONSUMPTION TAX REVENUE**

19 **SEC. 301. REFUNDS OF EXCESS CONSUMPTION TAX REV-** 20 **ENUE.**

21 (a) IN GENERAL.—Subchapter B of chapter 65 is
 22 amended by adding at the end the following new section:

1 **“SEC. 6433. REFUNDS OF EXCESS CONSUMPTION TAX REV-**
 2 **ENUE.**

3 “(a) IN GENERAL.—In the case of any qualifying ex-
 4 cess consumption tax revenue year, the Secretary shall pay
 5 to each eligible filer an amount equal to the consumption
 6 tax refund amount.

7 “(b) QUALIFYING EXCESS CONSUMPTION TAX REV-
 8 ENUE YEAR.—For purposes of this section—

9 “(1) IN GENERAL.—The term ‘qualifying excess
 10 consumption tax revenue year’ means any calendar
 11 year for which the net consumption tax revenues ex-
 12 ceed 10 percent of gross domestic product for such
 13 year.

14 “(2) NET CONSUMPTION TAX REVENUES.—The
 15 net consumption tax revenues for any calendar year
 16 shall be the excess of—

17 “(A) the tax imposed under section 3901
 18 with respect to taxable supplies the tax point
 19 for which is during such calendar year, over

20 “(B) the credits allowed under section
 21 3916 for such calendar year.

22 “(3) GROSS DOMESTIC PRODUCT.—The gross
 23 domestic product for any calendar year shall be the
 24 last estimate of the gross domestic product for such
 25 calendar year by the Department of Commerce

1 which is published before the date that is 3 months
 2 after the close of such calendar year.

3 “(c) ELIGIBLE FILER.—For purposes of this sec-
 4 tion—

5 “(1) DEFINITION.—

6 “(A) IN GENERAL.—The term ‘eligible
 7 filer’ means, with respect to any qualifying ex-
 8 cess consumption tax revenue year, any indi-
 9 vidual (other than an individual described in
 10 paragraph (2)) who filed a return of income tax
 11 for the individual’s qualifying rebate taxable
 12 year.

13 “(B) EXCLUSION.—The term ‘eligible filer’
 14 shall not include—

15 “(i) any nonresident alien individual,

16 “(ii) any individual who is a depend-
 17 ent (as defined in section 152) of another
 18 taxpayer for the individual’s qualifying re-
 19 bate taxable year, or

20 “(iii) an estate or trust.

21 “(2) QUALIFYING REBATE TAXABLE YEAR.—

22 The term ‘qualifying rebate taxable year’ means,
 23 with respect to any individual in connection with a
 24 qualifying excess consumption tax revenue year, the
 25 taxable year of such individual which contains 6 or

1 more months of such qualifying excess consumption
 2 tax revenue year.

3 “(3) IDENTIFICATION REQUIREMENT.—

4 “(A) IN GENERAL.—An individual shall
 5 not be treated as an eligible filer for any year
 6 unless such individual includes on the return of
 7 tax for such year—

8 “(i) such individual’s valid identifica-
 9 tion number,

10 “(ii) in the case of a joint return, the
 11 valid identification number of such individ-
 12 ual’s spouse, and

13 “(iii) the valid identification number
 14 of any qualifying child (as defined in sec-
 15 tion 32(f)) claimed on such return.

16 “(B) VALID IDENTIFICATION NUMBER.—

17 For purposes of subparagraph (A), the term
 18 ‘valid identification number’ means a social se-
 19 curity number issued to an individual by the
 20 Social Security Administration. Such term shall
 21 not include a TIN issued by the Internal Rev-
 22 enue Service.

23 “(C) SPECIAL RULE FOR MEMBERS OF
 24 THE ARMED FORCES.—Subparagraph (A) shall
 25 not apply to a joint return where at least 1

1 spouse was a member of the Armed Forces of
 2 the United States at any time during the tax-
 3 able year.

4 “(d) CONSUMPTION TAX REFUND AMOUNT.—

5 “(1) IN GENERAL.—The consumption tax re-
 6 fund amount for any eligible filer for any qualifying
 7 excess consumption tax year shall be the product
 8 of—

9 “(A) the applicable amount, times

10 “(B) the applicable shares of the eligible
 11 filer.

12 “(2) APPLICABLE AMOUNT.—The applicable
 13 amount for any qualifying excess revenue consump-
 14 tion tax year is an amount equal to—

15 “(A) the excess described in subsection
 16 (b)(1), divided by

17 “(B) the total number of applicable shares
 18 of all eligible filers for such year.

19 “(3) APPLICABLE SHARE.—The number of ap-
 20 plicable shares for any eligible filer shall be the sum
 21 of—

22 “(A) 1 (2 in the case of a joint return),
 23 plus

24 “(B) $\frac{1}{2}$ of the number of qualifying chil-
 25 dren (as defined in section 32(f)) claimed on

1 the eligible filer’s return for the filer’s quali-
 2 fying rebate taxable year.

3 “(e) TIME FOR PAYMENT.—Payments under sub-
 4 section (a) shall be made as soon as practical after the
 5 Secretary has determined the consumption tax refund
 6 amount.”.

7 (b) CONFORMING AMENDMENTS.—

8 (1) Section 1324(b)(2) of title 31, United
 9 States Code, is amended by striking “or 6431” and
 10 inserting “6431, or 6433”.

11 (2) The table of sections for subchapter B of
 12 chapter 65 is amended by adding at the end the fol-
 13 lowing new item:

“Sec. 6433. Refunds of excess consumption tax revenue.”.

14 (c) EFFECTIVE DATE.—The amendments made by
 15 this section shall apply to calendar years beginning after
 16 the date of the enactment of this Act.

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