

HR 86

Simplified USA Tax Act of 2001

Congress: 107 (2001–2003, Ended)

Chamber: House

Policy Area: Taxation

Introduced: Jan 3, 2001

Current Status: Referred to the House Committee on Ways and Means.

Latest Action: Referred to the House Committee on Ways and Means. (Jan 3, 2001)

Official Text: <https://www.congress.gov/bill/107th-congress/house-bill/86>

Sponsor

Name: Rep. English, Phil [R-PA-21]

Party: Republican • **State:** PA • **Chamber:** House

Cosponsors

No cosponsors are listed for this bill.

Committee Activity

Committee	Chamber	Activity	Date
Ways and Means Committee	House	Referred To	Jan 3, 2001

Subjects & Policy Tags

Policy Area:

Taxation

Related Bills

No related bills are listed.

Simplified USA Tax Act of 2001 - **Title I: Findings; Need to Replace the Income Tax** - Sets forth findings, the main features of the Simplified USA Tax System, and the concepts and structure of the Simplified USA Tax System.

Title II: Simplified USA Tax for Individuals - Establishes a new chapter 1 of the Internal Revenue Code (IRC), "Simplified USA Tax for Individuals."

Establishes tax rates at 15, 25, and 30 percent. Sets forth provisions defining gross income, exclusions from gross income, alimony and child support deductions, personal and dependency deductions, the family living allowance, the homeowner deduction, the education deduction (equal, as a general rule, to the sum of all qualified education expenses), the philanthropic transfer deduction, the kiddie tax (concerning taxable income of children), and tax credits (including allowing a payroll tax credit).

Sets forth provisions concerning a Roth IRA, a deductible IRA, annuities, endowment contracts, and life insurance contracts. Permits contributions to a Roth IRA of up to the amount of an individual's adjusted gross income. Provides, as a general rule, for the exclusion from gross income of Roth IRA distributions. Sets forth provisions concerning basis, business transactions, and nonrecognition transactions.

Establishes rules for exclusion from gross income, rules relating to deductions, and rules for the rental of real estate.

Requires a trust or estate to prepay the Simplified USA Tax for individuals. Sets the tax rate at 30 percent on the taxable income of a trust or estate when the taxable income exceeds \$3,800. Sets forth rules concerning trusts and estates, including rules for credits, deductions, trust income, distributions, beneficiaries, charitable remainder trusts, reversionary interests, and funeral trusts.

Title III: Simplified USA Tax for Businesses - Renumbers the current chapter 2 (Tax on Self-Employment Income) of the IRC as chapter 3. Establishes a new chapter 2, "Simplified USA Tax for Businesses."

States that the tax equals the amount by which the business tax exceeds the payroll tax credit. Defines the "business tax" as the sum of: (1) 8 percent of the portion of the gross profits of the business entity for the taxable year that does not exceed \$150,000; and (2) 12 percent of such portion of the gross profits of the business entity for the taxable year that exceeds \$150,000. Directs the Secretary to prescribe rules under which the gross profits of business entities under common control are aggregated for purposes of applying the benefit of the lower rate. States that such rules shall be similar to rules applicable under IRC sections 1551 (Disallowance of the benefits of the graduated corporate rates and accumulated credit) and 1561 (Limitations on certain multiple tax benefits in the case of controlled corporations). Defines the "payroll tax credit" as a credit for the social security, railroad retirement, and hospital insurance taxes paid by an employer.

Sets forth subchapters governing: (1) the basic rules for the business tax; (2) capital contributions, mergers, acquisitions, and distributions; (3) accounting method rules; (4) land and rental property; (5) insurance and financial products; (6) financial intermediation and financial institutions; (7) tax-exempt organizations; (8) cooperatives; (9) sourcing rules; (10) business conducted in a possession; (11) the payroll tax credit; (12) the import tax (as a general rule, eleven percent of the customs value of property or services); and (12) transition, administration, and consolidated returns (permitted, if it would have been permitted under the IRC provisions governing consolidated returns and such provisions were applied by treating each business entity as a corporation and its owners or partners as shareholders).

Repeals chapter 6 (Consolidated Returns) of the IRC.

Title IV: Deferred Compensation Plans - Provides, in general, that subchapter D (Deferred Compensation) of chapter 1 of the IRC is saved.

Title V: Repeal of Estate and Gift Taxes - Repeals Subtitle B (Estate and Gift Taxes) of the IRC.

Title VI: Technical and Administrative Changes: Effective Dates - Renames the IRC the "USA Tax Code." Makes other amendments to the IRC which reflect the amendments made by this Act.

Actions Timeline

- **Jan 3, 2001:** Introduced in House
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