

## S 1040

A bill to repeal the current Internal Revenue Code and replace it with a flat tax, thereby guaranteeing economic growth and greater fairness for all Americans.

**Congress:** 108 (2003–2005, Ended)

**Chamber:** Senate

**Policy Area:** Taxation

**Introduced:** May 12, 2003

**Current Status:** Star Print ordered on on the bill.

**Latest Action:** Star Print ordered on on the bill. (May 19, 2003)

**Official Text:** <https://www.congress.gov/bill/108th-congress/senate-bill/1040>

### Sponsor

**Name:** Sen. Shelby, Richard C. [R-AL]

**Party:** Democratic • **State:** AL • **Chamber:** Senate

### Cosponsors (3 total)

Cosponsor	Party / State	Role	Date Joined
Sen. Miller, Zell [D-GA]	D · GA		May 12, 2003
Sen. Smith, Gordon H. [R-OR]	R · OR		May 12, 2003
Sen. Craig, Larry E. [R-ID]	R · ID		Dec 9, 2003

### Committee Activity

Committee	Chamber	Activity	Date
Finance Committee	Senate	Referred To	May 12, 2003

### Subjects & Policy Tags

#### Policy Area:

Taxation

### Related Bills

Bill	Relationship	Last Action
108 HR 3060	Identical bill	<b>Sep 10, 2003:</b> Referred to the Committee on Ways and Means, and in addition to the Committee on Rules, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

## Summary (as of May 12, 2003)

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Tax Simplification Act of 2003 - Amends the Internal Revenue Code to impose a 19 percent tax (17 percent after December 31, 2004) on the taxable income of every individual.

Redefines "taxable income" to mean the amount by which wages, retirement distributions, and unemployment compensation exceed the standard deduction. Increases the basic standard deduction and includes an additional standard deduction for dependents. Includes in taxable income the taxable income of each dependent child under the age of 14.

Replaces the current tax on corporations with a tax on every person engaged in a business activity equal to 19 percent (17 percent after December 31, 2004) of the business taxable income of such person. Makes the person engaged in the business activity liable for the tax.

Imposes a tax of 19 percent (17 percent after December 31, 2004) on the value of excludable compensation provided during the year by an employer for the benefit of employees. Makes the employer liable for the tax.

Repeals specified provisions: (1) relating to pension plans; and (2) imposing a tax on any employer reversion from a qualified plan.

Revises requirements regarding transfers of excess pension assets.

Repeals provisions respecting: (1) alternative minimum tax; (2) tax credits; (3) estate and gift taxes; and (4) subject to exception, normal taxes and surtaxes.

Makes it not in order in the House of Representatives or the Senate, unless waived or suspended in the House or the Senate by a three-fifths vote of the Members, to consider any bill, joint resolution, amendment thereto, or conference report thereon that includes any provision that increases an income tax rate, creates an additional tax rate, reduces the standard deduction, or provides any exclusion, deduction, credit, or other benefit that results in a reduction in Federal revenues.

## Actions Timeline

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- **May 19, 2003:** Star Print ordered on on the bill.
- **May 12, 2003:** Introduced in Senate
- **May 12, 2003:** Sponsor introductory remarks on measure. (CR S6030)
- **May 12, 2003:** Read twice and referred to the Committee on Finance.