

S 1099

Tax Simplification Act of 2005

**Congress:** 109 (2005–2007, Ended)

**Chamber:** Senate

**Policy Area:** Taxation

**Introduced:** May 23, 2005

**Current Status:** Read twice and referred to the Committee on Finance. (text of measure as introduced: CR S5782-5784)

**Latest Action:** Read twice and referred to the Committee on Finance. (text of measure as introduced: CR S5782-5784)  
(May 23, 2005)

**Official Text:** <https://www.congress.gov/bill/109th-congress/senate-bill/1099>

Sponsor

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

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

Cosponsors (2 total)

Cosponsor	Party / State	Role	Date Joined
Sen. Craig, Larry E. [R-ID]	R · ID		Sep 15, 2005
Sen. Isakson, Johnny [R-GA]	R · GA		May 22, 2006

Committee Activity

Committee	Chamber	Activity	Date
Finance Committee	Senate	Referred To	May 23, 2005

Subjects & Policy Tags

**Policy Area:**

Taxation

Related Bills

Bill	Relationship	Last Action
109 HR 5176	Related bill	<b>Apr 25, 2006:</b> Referred to the House Committee on Ways and Means.
109 S 1927	Related bill	<b>Nov 1, 2005:</b> Sponsor introductory remarks on measure. (CR S12146-12148)
109 S 812	Related bill	<b>Apr 15, 2005:</b> Read twice and referred to the Committee on Finance. (text of measure as introduced: CR S3742-3747)
109 HR 1040	Related bill	<b>Mar 2, 2005:</b> Referred to the House Committee on Ways and Means.

Tax Simplification Act of 2005 - Amends the Internal Revenue Code to replace the marginal income tax rates with a single rate of 19 percent (17 percent after December 31, 2007) on individual taxable income.

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, 2007) of the business taxable income of such person. Makes the person engaged in the business activity liable for the tax, whether or not such person is an individual, a partnership, or a corporation.

Imposes a tax of 19 percent (17 percent after December 31, 2007) 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 pension plan rules relating to : (1) non-discrimination; (2) contribution limits; and (3) restrictions on distributions. Revises rules relating to transfers of excess pension assets.

Repeals: (1) the alternative minimum tax; (2) all income tax credits; (3) estate, gift, and generation-skipping transfer taxes; and (4) income tax provisions, except certain provisions relating to retirement distributions and tax-exempt organizations.

Declares it not in order in the House of Representatives or the Senate, unless waived or suspended by a three-fifths vote, to consider any legislation that increases or adds an income tax rate, reduces the standard deduction, or provides any exclusion, deduction, credit, or other benefit that reduces federal revenues.

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## **Actions Timeline**

- **May 23, 2005:** Introduced in Senate
- **May 23, 2005:** Sponsor introductory remarks on measure. (CR S5782)
- **May 23, 2005:** Read twice and referred to the Committee on Finance. (text of measure as introduced: CR S5782-5784)