

S 812

Flat Tax Act of 2005

Congress: 109 (2005–2007, Ended)

Chamber: Senate

Policy Area: Taxation

Introduced: Apr 15, 2005

Current Status: Read twice and referred to the Committee on Finance. (text of measure as introduced: CR S3742-3747)

Latest Action: Read twice and referred to the Committee on Finance. (text of measure as introduced: CR S3742-3747)
(Apr 15, 2005)

Official Text: <https://www.congress.gov/bill/109th-congress/senate-bill/812>

Sponsor

Name: Sen. Specter, Arlen [R-PA]

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

Cosponsors

No cosponsors are listed for this bill.

Committee Activity

Committee	Chamber	Activity	Date
Finance Committee	Senate	Referred To	Apr 15, 2005

Subjects & Policy Tags

Policy Area:

Taxation

Related Bills

Bill	Relationship	Last Action
109 HR 5176	Related bill	Apr 25, 2006: Referred to the House Committee on Ways and Means.
109 S 1927	Related bill	Nov 1, 2005: Sponsor introductory remarks on measure. (CR S12146-12148)
109 S 1099	Related bill	May 23, 2005: Read twice and referred to the Committee on Finance. (text of measure as introduced: CR S5782-5784)
109 HR 1040	Related bill	Mar 2, 2005: Referred to the House Committee on Ways and Means.

Flat Tax Act of 2005 - Replaces the income tax with a flat tax of 20 percent of taxable earned income of individual taxpayers. Defines "taxable earned income" as the excess of earned income (wages, salaries, professional fees) over a standard deduction, a deduction for cash charitable contributions, and a deduction for home mortgage interest. Sets forth definitions and special rules for surviving spouses, heads of household, and dependents.

Imposes a flat tax of 20 percent on business taxable income. Defines "business taxable income" as gross active income (other than investment income) reduced by: (1) the cost of business inputs (cost of specified goods, services, travel, and entertainment expenditures); (2) employee compensation; and (3) the cost of personal and real property used in business activities. Disallows a deduction from gross active business income for purchases of goods and services provided to employees or owners and certain lobbying and political expenditures.

Repeals: (1) estate, gift, and generation-skipping transfer taxes; (2) financing of presidential election campaigns provisions; and (3) coal industry health benefits provisions.

Actions Timeline

- **Apr 15, 2005:** Introduced in Senate
- **Apr 15, 2005:** Sponsor introductory remarks on measure. (CR S3736-3737)
- **Apr 15, 2005:** Read twice and referred to the Committee on Finance. (text of measure as introduced: CR S3742-3747)