

S 1040

Tax Simplification Act of 2007

Congress: 110 (2007–2009, Ended)

Chamber: Senate

Policy Area: Taxation

Introduced: Mar 29, 2007

Current Status: Read twice and referred to the Committee on Finance.

Latest Action: Read twice and referred to the Committee on Finance. (Mar 29, 2007)

Official Text: <https://www.congress.gov/bill/110th-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. Craig, Larry E. [R-ID]	R · ID		Apr 17, 2007
Sen. Sununu, John E. [R-NH]	R · NH		May 1, 2007
Sen. Isakson, Johnny [R-GA]	R · GA		May 10, 2007

Committee Activity

Committee	Chamber	Activity	Date
Finance Committee	Senate	Referred To	Mar 29, 2007

Subjects & Policy Tags

Policy Area:

Taxation

Related Bills

No related bills are listed.

Tax Simplification Act of 2007 - Amends the Internal Revenue Code to replace the marginal income tax rates with a single rate of 19 percent (17 percent after December 31, 2009) 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, 2009) 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, 2009) 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.

Actions Timeline

- **Mar 29, 2007:** Introduced in Senate
- **Mar 29, 2007:** Read twice and referred to the Committee on Finance.