

HR 3970

Tax Reduction and Reform Act of 2007

Congress: 110 (2007–2009, Ended)

Chamber: House

Policy Area: Taxation

Introduced: Oct 25, 2007

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

Latest Action: Referred to the House Committee on Ways and Means. (Oct 25, 2007)

Official Text: <https://www.congress.gov/bill/110th-congress/house-bill/3970>

Sponsor

Name: Rep. Rangel, Charles B. [D-NY-15]

Party: Democratic • State: NY • Chamber: House

Cosponsors

No cosponsors are listed for this bill.

Committee Activity

Committee	Chamber	Activity	Date
Ways and Means Committee	House	Referred To	Oct 25, 2007

Subjects & Policy Tags

Policy Area:

Taxation

## Related Bills

Bill	Relationship	Last Action
<a href="#">110 HR 3996</a>	Related bill	<b>Dec 26, 2007:</b> Became Public Law No: 110-166.
<a href="#">110 S 2432</a>	Related bill	<b>Dec 6, 2007:</b> Read twice and referred to the Committee on Finance.
<a href="#">110 S 2318</a>	Related bill	<b>Nov 8, 2007:</b> Read the second time. Placed on Senate Legislative Calendar under General Orders. Calendar No. 476.
<a href="#">110 HR 4086</a>	Related bill	<b>Nov 6, 2007:</b> Referred to the House Committee on Ways and Means.
<a href="#">110 S 2293</a>	Related bill	<b>Nov 2, 2007:</b> Read the second time. Placed on Senate Legislative Calendar under General Orders. Calendar No. 464.
<a href="#">110 S 2234</a>	Related bill	<b>Nov 1, 2007:</b> Sponsor introductory remarks on measure. (CR S13652-13653)
<a href="#">110 HR 3879</a>	Related bill	<b>Oct 17, 2007:</b> Referred to the House Committee on Ways and Means.
<a href="#">110 HR 3818</a>	Related bill	<b>Oct 10, 2007:</b> Referred to the House Committee on Ways and Means.
<a href="#">110 HR 3630</a>	Related bill	<b>Sep 20, 2007:</b> Referred to the House Committee on Ways and Means.
<a href="#">110 HR 2782</a>	Related bill	<b>Jun 19, 2007:</b> Referred to the House Committee on Ways and Means.
<a href="#">110 S 14</a>	Related bill	<b>Apr 17, 2007:</b> Read twice and referred to the Committee on Finance.
<a href="#">110 HR 1366</a>	Related bill	<b>Mar 7, 2007:</b> Referred to the House Committee on Ways and Means.
<a href="#">110 S 55</a>	Related bill	<b>Jan 4, 2007:</b> Read twice and referred to the Committee on Finance.

Tax Reduction and Reform Act of 2007 - Amends Internal Revenue Code provisions relating to individual income tax rates, the alternative minimum tax, partnerships and corporations and extends certain expiring tax credits, deductions, and other tax incentives.

Increases and modifies: (1) the standard tax deduction for individual taxpayers; and (2) the earned income and child tax credits.

Extends the increased alternative minimum tax exemptions for individual taxpayers through 2007. Repeals such tax after 2007. Imposes limitations on the itemized deductions and exemptions of taxpayers with adjusted gross incomes in excess of \$250,000.

Treats partnership income earned for providing investment management services (i.e., carried interest) as ordinary income.

Extends through 2008 various expiring tax provisions primarily affecting individual taxpayers, including: (1) the tax deductions for state and local sales taxes, for qualified tuition and related expenses, for qualified conservation contributions, for certain expenses of elementary and secondary school teachers, and for mortgage insurance premiums; (2) tax-free distributions from individual retirement accounts for charitable purposes; (3) the taxpayer election to include combat pay as earned income for purposes of the earned income tax credit; (4) special rules for qualified mortgage bonds to finance home purchases by veterans; and (5) tax-free distributions from retirement plans for individuals called to active military service.

Extends through 2008 various expiring tax provisions primarily affecting businesses, including: (1) the tax credits for increasing research expenses, for hiring workers on Indian reservations, for investment in new markets, and for railroad track maintenance; (2) accelerated depreciation for qualified leasehold and restaurant improvements, for motorsports entertainment complexes, and for business property on Indian reservations; (3) expensing allowances for environmental remediation costs; (4) tax deductions for contributions of food and book inventories and for computer equipment for educational purposes; and (5) tax incentives for investment in the District of Columbia and American Samoa.

Extends through 2008 authorities for: (1) issuing qualified zone academy bonds; (2) making disclosures of tax information to facilitate student loan repayments, for combating terrorist activities, and for veterans programs purposes; and (3) Internal Revenue Service (IRS) undercover operations.

Reduces the top marginal income tax rate for corporations from 35 to 30.5% and the tax deduction for dividends received by corporations. Repeals various provisions relating to corporate taxation, including the tax deduction for income attributable to domestic production activities, the LIFO and the lower of cost or market accounting methods, interest allocation rules for U.S. corporations with foreign assets, and special rules relating to domestic international sales corporations.

Makes permanent the increased expensing allowance (\$125,000) for small business assets. Increases the amortization period for goodwill and other intangibles from 15 to 20 years.

Sets forth rules for the application of the economic substance doctrine to tax transactions. Imposes enhanced penalties for underpayments of tax due to transactions lacking in economic substance.

## Actions Timeline

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- **Oct 25, 2007:** Introduced in House
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