

## HR 1040

### Flat Tax Act

**Congress:** 117 (2021–2023, Ended)

**Chamber:** House

**Policy Area:** Taxation

**Introduced:** Feb 15, 2021

**Current Status:** Executive Comment Requested from Federal Judicial Center, Graduate Fellows Program, Harry S Truman S

**Latest Action:** Executive Comment Requested from Federal Judicial Center, Graduate Fellows Program, Harry S Truman Scholarship. (Oct 1, 2021)

**Official Text:** <https://www.congress.gov/bill/117th-congress/house-bill/1040>

### Sponsor

**Name:** Rep. Burgess, Michael C. [R-TX-26]

**Party:** Republican • **State:** TX • **Chamber:** House

### Cosponsors

*No cosponsors are listed for this bill.*

### Committee Activity

| Committee                | Chamber | Activity    | Date         |
|--------------------------|---------|-------------|--------------|
| Rules Committee          | House   | Referred To | Feb 15, 2021 |
| Ways and Means Committee | House   | Referred To | Feb 15, 2021 |

### Subjects & Policy Tags

#### Policy Area:

Taxation

### Related Bills

| Bill        | Relationship | Last Action   |
|-------------|--------------|---|
| 117 HR 9680 | Related bill | <b>Dec 22, 2022:</b> Referred to the House Committee on Ways and Means. |

## Flat Tax Act

This bill authorizes an individual or a person engaged in business activity to make an irrevocable election to be subject to a flat tax (in lieu of the existing income tax provisions) of 19% for the first two years after an election is made, and 17% thereafter.

The bill calculates taxable income for individual taxpayers by subtracting a basic standard deduction and an additional standard deduction for each dependent from the total of wages, retirement distributions, and unemployment compensation. "Business taxable income" is gross active income reduced by certain deductions for the cost of business inputs, wages, and retirement contributions.

The bill imposes an employer tax on the value of excludable compensation provided to employees not engaged in business activity of 19% for the first two years after an election is made under this bill and 17% thereafter.

The bill also repeals the estate, gift, and generation-skipping transfer taxes.

A two-thirds vote of the House of Representatives and the Senate is required to increase the flat tax rate proposed by this bill or to reduce the amount of the standard deduction or business-related deductions allowed by this bill.

## Actions Timeline

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- **Oct 1, 2021:** Executive Comment Requested from Federal Judicial Center, Graduate Fellows Program, Harry S Truman Scholarship.
- **Feb 15, 2021:** Introduced in House
- **Feb 15, 2021:** 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.