

S 1653

SMART Act

Congress: 117 (2021–2023, Ended)

Chamber: Senate

Policy Area: Taxation

Introduced: May 17, 2021

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

Latest Action: Read twice and referred to the Committee on Finance. (May 17, 2021)

Official Text: <https://www.congress.gov/bill/117th-congress/senate-bill/1653>

Sponsor

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

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

Cosponsors

No cosponsors are listed for this bill.

Committee Activity

Committee	Chamber	Activity	Date
Finance Committee	Senate	Referred To	May 17, 2021

Subjects & Policy Tags

Policy Area:

Taxation

Related Bills

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

Simplified, Manageable, And Responsible Tax Act or the SMART Act

This bill replaces the marginal income tax rates in the Internal Revenue Code with a single rate of 17% on individual taxable income.

The bill redefines *taxable income* to mean the amount by which wages, retirement distributions, and unemployment compensation exceed the standard deduction. It also

- increases the basic standard deduction,
- includes an additional standard deduction for dependents, and
- includes the taxable income of each dependent child under the age of 14 in an individual's taxable income.

The bill revises the tax on corporations to (1) replace it with a tax on every person engaged in a business activity equal to 17% of the business taxable income of such person; and (2) make the person engaged in the business activity liable for the tax, whether or not such person is an individual, a partnership, or a corporation.

The bill imposes on employers a 17% tax on the value of excludable compensation provided during the year to employees.

With respect to pension rules, the bill (1) repeals rules relating to non-discrimination, contribution limits, and restrictions on distributions; and (2) revises rules relating to transfers of excess pension assets.

The bill also repeals

- the alternative minimum tax;
- all income tax credits;
- estate, gift, and generation-skipping transfer taxes; and
- income tax provisions, except certain provisions relating to retirement distributions and tax-exempt organizations.

The bill prohibits Congress from considering legislation to make specified changes to tax policy unless Congress waives or suspends the prohibition with a three-fifths vote.

Actions Timeline

- **May 17, 2021:** Introduced in Senate
- **May 17, 2021:** Read twice and referred to the Committee on Finance.