JOINT COMMITTEE ON TAXATION
May 9, 2006
JCX-18-06

ESTIMATED REVENUE EFFECTS OF THE CONFERENCE AGREEMENT FOR THE "TAX INCREASE PREVENTION AND RECONCILIATION ACT OF 2005"

Fiscal Years 2006 - 2015

[Millions of Dollars]

Provision	Effective	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2006-10	2006-15
I. Extension and Modification of Certain Provisions													
1. Increase section 179 expensing from $25,000 to $100,000 and increase the phaseout threshold amount from $200,000 to $400,000; include software in section 179 property; and extend indexing of both the deduction limit and the phaseout threshold (sunset 12/31/09).............	tyba 12/31/07	---	---	-2,605	-4,459	-209	2,707	1,772	1,222	826	476	-7,274	-271
2. Tax capital gains and dividends with a 15%/0% rate structure:													
a. Capital gains (sunset 12/31/10).......................................	tyba 12/31/08	---	---	-1,549	-8,375	2,672	-54	-12,698	[1]	[1]	---	-7,252	-20,004
b. Dividends (sunset 12/31/10)...	tyba 12/31/08	---	---	-860	-4,431	-8,008	-9,368	-6,326	-1,224	-450	-112	-13,299	-30,779
3. Controlled foreign corporations:													
a. Exception under subpart F for active financing income (sunset 12/31/08)..	[2]	---	-775	-2,339	-1,682	---	---	---	---	---	---	-4,796	-4,796
b. Look-through treatment of payments between related CFCs under foreign personal holding company income rules (sunset 12/31/08)...	[3]	-82	-237	-260	-167	---	---	---	---	---	---	-746	-746
Total of Extension and Modification of Certain Provisions……………………………		**-82**	**-1,012**	**-7,613**	**-19,114**	**-5,545**	**-6,715**	**-17,252**	**-2**	**376**	**364**	**-33,367**	**-56,596**
II. Other Provisions													
1. Clarification of taxation of certain settlement funds (sunset 12/31/10)...	aafea DOE	-2	-9	-10	-11	-12	-13	-14	-15	-15	-15	-44	-116
2. Modify active business definition under section 355 (sunset 12/31/10)...	generally da DOE	-1	-7	-8	-8	-9	-9	-5	-3	-1	---	-33	-51
3. Expand the qualified veterans' mortgage bond program (sunset 12/31/10)...	[4]	[1]	[1]	-1	-2	-3	-5	-5	-5	-5	-5	-7	-32
4. Provide capital gains treatment for certain self-created musical works (sunset 12/31/10)	soei tyba DOE	---	-1	-5	-5	-4	-2	-4	---	---	---	-14	-20
5. Expand the eligibility for the tonnage tax election (minimum of 6,000 deadweight tons) (sunset taxable years ending before 1/1/11)...	tyba 12/31/05	-2	-3	-4	-4	-4	-3	---	---	---	---	-17	-20
6. Modification of certain arbitrage rules for certain funds (include 20% State limitation) (sunset 8/31/09)...................	bia DOE	---	---	-1	-2	-1	[1]	[1]	---	---	---	-4	-5
7. Amortization of song rights (sunset 12/31/10).....................	ppisi tyba 12/31/05	1	3	2	1	-1	-3	-6	-5	-2	-3	6	-13
8. Modification to small issue bonds - accelerate effective date for increase in capital expenditure limit	bia 12/31/06	---	-2	-9	-15	-18	-18	-18	-18	-18	-18	-44	-136
9. Modification of treatment of loans to qualified continuing care facilities (sunset 12/31/10)...	[5]	[1]	-3	-2	-2	-2	-1	---	---	---	---	-10	-10
Total of Other Provisions ………………………………………………………………		**-4**	**-22**	**-38**	**-48**	**-54**	**-54**	**-52**	**-46**	**-41**	**-41**	**-167**	**-403**

Provision	Effective	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2006-10	2006-15
III. Individual AMT Provisions													
1. Increase individual AMT exemption amount for 2006 to $42,500 ($62,550 Joint) (sunset 12/31/06) ………………….	tyba 12/31/05	-12,419	-18,628	---	---	---	---	---	---	---	---	-31,047	-31,047
2. Treatment of nonrefundable personal credits under the individual alternative minimum tax (sunset 12/31/06) [6]......	tyba 12/31/05	-565	-2,260	---	---	---	---	---	---	---	---	-2,825	-2,825
Total of Individual AMT Provisions ……………………………………………………		**-12,984**	**-20,888**	**---**	**---**	**---**	**---**	**---**	**---**	**---**	**---**	**-33,872**	**-33,872**
IV. Corporate Estimated Tax Provisions													
1. Increase corporate estimated tax payments due July through September for corporations with assets in excess of $1 billion in certain years (increase to 105% in 2006, 106.25% in 2012, and 100.75% in 2013 of the otherwise required amount)...	DOE	2,209	-2,209	---	---	---	---	3,189	-2,793	-396	---	---	---
2. Delay due date until October 1 for a percentage of corporate estimated taxes that are otherwise due on September 15 in certain years (20.5% in 2010 and 27.5% in 2011)...	DOE	---	---	---	---	-5,640	-2,541	8,182	---	---	---	-5,640	---
Total of Corporate Estimated Tax Provisions……………………………………………		**2,209**	**-2,209**	**---**	**---**	**-5,640**	**-2,541**	**11,371**	**-2,793**	**-396**	**---**	**-5,640**	**---**
V. Revenue Offset Provisions													
1. Application of earnings stripping rules to partners which are C corporations...	tybo/a DOE	2	23	25	27	29	31	33	35	38	41	106	284
2. Reporting of interest on tax-exempt bonds..........................	ipa 12/31/05	[7]	2	2	2	2	3	3	3	3	3	9	24
3. 5-year amortization of geological and geophysical costs for major integrated oil companies......................................	apoia DOE	5	28	49	48	30	10	3	4	6	6	160	189
4. Treatment of distributions attributable to FIRPTA gains (including application of FIRPTA to RICs, and prevention of avoidance through wash sales) [8]..........	various	1	3	3	3	3	3	3	3	3	3	13	28
5. Section 355 not to apply to distributions involving disqualified investment companies......................................	da DOE	2	9	11	12	12	12	12	15	15	16	46	116
6. Loan and redemption requirements on pooled financings (30% first-year loan origination requirement)......................	bia DOE	16	35	39	40	42	44	46	49	52	54	172	417
7. Require partial payments with submissions of offers-in-compromise (permanent 24-month rule).........................	osoaa 60da DOE	---	160	172	185	199	214	230	247	265	285	715	1,955
8. Increase in age of minor children whose unearned income is taxed as if parent's income..................................	tyba 12/31/05	56	145	203	219	153	204	242	260	298	349	776	2,128
9. Withholding on government payments (including payments under certificate or voucher programs) for property and services..	pma 12/31/10	---	---	---	---	---	6,079	215	220	228	235	---	6,977
10. Eliminate the income limitations on Roth IRA conversions; taxpayers can elect to pay tax on amounts converted in 2010 in equal installments in 2011 and 2012......................	tyba 12/31/09	---	---	---	-154	-293	2,541	4,929	1,756	-1,080	-1,267	-447	6,432
11. Repeal of FSC/ETI binding contract relief...........................	tyba DOE	6	209	144	72	36	18	9	5	2	1	467	502
12. Modify wage limitation for section 199 to include only wages allocable to domestic production gross receipts and repeal special rule limiting amount of W-2 wages allocated by pass-thru entities...	tyba DOE	1	7	8	9	19	24	26	28	29	31	43	181
13. Amend section 911 housing exclusion and impose a stacking rule and provide regulatory authority to allow for geographic differences..	tyba 2005	15	261	199	206	222	228	234	239	254	268	903	2,126

Provision	Effective	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2006-10	2006-15
14. Tax involvement of accommodation parties in tax shelter transactions..	[9]	---	18	31	35	40	46	53	62	69	75	123	428
Total of Revenue Offset Provisions ……………………………………………………..		**104**	**900**	**886**	**704**	**494**	**9,457**	**6,038**	**2,926**	**182**	**100**	**3,086**	**21,787**
NET TOTAL ………………………………………………………………………………………		**-10,757**	**-23,231**	**-6,765**	**-18,458**	**-10,745**	**147**	**105**	**85**	**121**	**423**	**-69,960**	**-69,084**

Joint Committee on Taxation

NOTE: Details may not add to totals due to rounding. Date of enactment is assumed to be July 1, 2006. Provisions are estimated relative to the Congressional Budget Office baseline of January, 2005.

Legend for "Effective" column:

- aafea = accounts and funds established after
- apoia = amounts paid or incurred after
- bia = bonds issued after
- da = distributions after
- DOE = date of enactment
- ipa = interest paid after
- osoaa = offers submitted on and after
- pma = payments made after
- ppisi = property placed in service in
- soei = sales or exchanges in
- tyba = taxable years beginning after
- tybo/a = taxable years beginning on or after
- 60da = 60 days after

[1] Loss of less than $500,000.
[2] Effective for taxable years of foreign corporations beginning after December 31, 2006, and before January 1, 2009, and to taxable years of U.S. shareholders with or within which such taxable years of such foreign corporations end.
[3] Effective for taxable years of foreign corporations beginning after December 31, 2005, and before January 1, 2009, and to taxable years of U.S. shareholders with or within which such taxable years of such foreign corporations end.
[4] Modification of definition of a qualified veteran is effective for bonds issued on or after the date of enactment. New State volume limitation is effective for allocations of State volume limits after April 5, 2006.
[5] Effective for calendar years beginning after December 31, 2005, with respect to loans made before, on, or after such date.
[6] The "Economic Growth and Tax Relief Reconciliation Act of 2001" provides that the child tax credit and adoption tax credit are allowed for purposes of the alternative minimum tax for 2002 through 2010. For purposes of the alternative minimum tax, the proposal does not treat the alternative motor vehicle credit and the alternative fuel vehicle refueling property credit as nonrefundable personal credits.
[7] Gain of less than $500,000.
[8] Some of the provisions sunset December 31, 2007.
[9] Effective for taxable years ending after the date of enactment, with respect to transactions before, on, or after such date, except that no tax applies to income or proceeds that are properly allocable to the period ending 90 days after the date of enactment; effective for disclosures due after the date of enactment.