

AMENDMENT IN THE NATURE OF A SUBSTITUTE
TO H.R. 8
OFFERED BY M _____

Strike all after the enacting clause and insert the following:

1 SECTION 1. SHORT TITLE; ETC.

2 (a) **SHORT TITLE.**—This Act may be cited as the
3 “Middle Class Tax Cut Act”.

4 (b) **AMENDMENT OF 1986 CODE.**—Except as other-
5 wise expressly provided, whenever in this Act an amend-
6 ment or repeal is expressed in terms of an amendment
7 to, or repeal of, a section or other provision, the reference
8 shall be considered to be made to a section or other provi-
9 sion of the Internal Revenue Code of 1986.

10 (c) **TABLE OF CONTENTS.**—The table of contents of
11 this Act is as follows:

Sec. 1. Short title; etc.

TITLE I—TEMPORARY EXTENSION OF TAX RELIEF

Sec. 101. Temporary extension of 2001 tax relief.

Sec. 102. Temporary extension of 2003 tax relief.

Sec. 103. Temporary extension of 2010 tax relief.

Sec. 104. Temporary extension of election to expense certain depreciable business assets.

TITLE II—ALTERNATIVE MINIMUM TAX RELIEF

Sec. 201. Temporary extension of increased alternative minimum tax exemption amount.

Sec. 202. Temporary extension of alternative minimum tax relief for nonrefundable personal credits.

TITLE III—TREATMENT FOR PAYGO PURPOSES

Sec. 301. Treatment for PAYGO purposes.

1 **TITLE I—TEMPORARY**
2 **EXTENSION OF TAX RELIEF**

3 **SEC. 101. TEMPORARY EXTENSION OF 2001 TAX RELIEF.**

4 (a) TEMPORARY EXTENSION.—

5 (1) IN GENERAL.—Section 901(a)(1) of the
6 Economic Growth and Tax Relief Reconciliation Act
7 of 2001 is amended by striking “December 31,
8 2012” and inserting “December 31, 2013”.

9 (2) EFFECTIVE DATE.—The amendment made
10 by this subsection shall take effect as if included in
11 the enactment of the Economic Growth and Tax Re-
12 lief Reconciliation Act of 2001.

13 (b) APPLICATION TO CERTAIN HIGH-INCOME TAX-
14 PAYERS.—

15 (1) INCOME TAX RATES.—

16 (A) TREATMENT OF 25- AND 28-PERCENT
17 RATE BRACKETS.—Paragraph (2) of section
18 1(i) is amended to read as follows:

19 “(2) 25- AND 28-PERCENT RATE BRACKETS.—
20 The tables under subsections (a), (b), (c), (d), and
21 (e) shall be applied—

22 “(A) by substituting ‘25%’ for ‘28%’ each
23 place it appears (before the application of sub-
24 paragraph (B)), and

1 “(B) by substituting ‘28%’ for ‘31%’ each
2 place it appears.”.

3 (B) 33-PERCENT RATE BRACKET.—Sub-
4 section (i) of section 1 is amended by redesignig-
5 nating paragraph (3) as paragraph (4) and by
6 inserting after paragraph (2) the following new
7 paragraph:

8 “(3) 33-PERCENT RATE BRACKET.—

9 “(A) IN GENERAL.—In the case of taxable
10 years beginning after December 31, 2012—

11 “(i) the rate of tax under subsections
12 (a), (b), (c), and (d) on a taxpayer’s tax-
13 able income in the fourth rate bracket shall
14 be 33 percent to the extent such income
15 does not exceed an amount equal to the ex-
16 cess of—

17 “(I) the applicable amount, over

18 “(II) the dollar amount at which
19 such bracket begins, and

20 “(ii) the 36 percent rate of tax under
21 such subsections shall apply only to the
22 taxpayer’s taxable income in such bracket
23 in excess of the amount to which clause (i)
24 applies.

1 “(B) APPLICABLE AMOUNT.—For purposes
2 of this paragraph, the term ‘applicable amount’
3 means the excess of—

4 “(i) the applicable threshold, over

5 “(ii) the sum of the following amounts
6 in effect for the taxable year:

7 “(I) the basic standard deduction
8 (within the meaning of section
9 63(c)(2)), and

10 “(II) the exemption amount
11 (within the meaning of section
12 151(d)(1) (or, in the case of sub-
13 section (a), 2 such exemption
14 amounts).

15 “(C) APPLICABLE THRESHOLD.—For pur-
16 poses of this paragraph, the term ‘applicable
17 threshold’ means—

18 “(i) \$250,000 in the case of sub-
19 section (a),

20 “(ii) \$225,000 in the case of sub-
21 section (b),

22 “(iii) \$200,000 in the case of sub-
23 sections (c), and

24 “(iv) $\frac{1}{2}$ the amount applicable under
25 clause (i) (after adjustment, if any, under

1 subparagraph (E)) in the case of sub-
2 section (d).

3 “(D) FOURTH RATE BRACKET.—For pur-
4 poses of this paragraph, the term ‘fourth rate
5 bracket’ means the bracket which would (deter-
6 mined without regard to this paragraph) be the
7 36-percent rate bracket.

8 “(E) INFLATION ADJUSTMENT.—For pur-
9 poses of this paragraph, with respect to taxable
10 years beginning in calendar years after 2012,
11 each of the dollar amounts under clauses (i),
12 (ii), and (iii) of subparagraph (C) shall be ad-
13 justed in the same manner as under paragraph
14 (1)(C), except that subsection (f)(3)(B) shall be
15 applied by substituting ‘2008’ for ‘1992’.”.

16 (2) PHASEOUT OF PERSONAL EXEMPTIONS AND
17 ITEMIZED DEDUCTIONS.—

18 (A) OVERALL LIMITATION ON ITEMIZED
19 DEDUCTIONS.—Section 68 is amended—

20 (i) by striking “the applicable
21 amount” the first place it appears in sub-
22 section (a) and inserting “the applicable
23 threshold in effect under section 1(i)(3)”,

1 (ii) by striking “the applicable
2 amount” in subsection (a)(1) and inserting
3 “such applicable threshold”,

4 (iii) by striking subsection (b) and re-
5 designating subsections (c), (d), and (e) as
6 subsections (b), (c), and (d), respectively,
7 and

8 (iv) by striking subsections (f) and
9 (g).

10 (B) PHASEOUT OF DEDUCTIONS FOR PER-
11 SONAL EXEMPTIONS.—

12 (i) IN GENERAL.—Paragraph (3) of
13 section 151(d) is amended—

14 (I) by striking “the threshold
15 amount” in subparagraphs (A) and
16 (B) and inserting “the applicable
17 threshold in effect under section
18 1(i)(3)”,

19 (II) by striking subparagraph (C)
20 and redesignating subparagraph (D)
21 as subparagraph (C), and

22 (III) by striking subparagraphs
23 (E) and (F).

1 (ii) CONFORMING AMENDMENTS.—
2 Paragraph (4) of section 151(d) is amend-
3 ed—

4 (I) by striking subparagraph (B),
5 (II) by redesignating clauses (i)
6 and (ii) of subparagraph (A) as sub-
7 paragraphs (A) and (B), respectively,
8 and by indenting such subparagraphs
9 (as so redesignated) accordingly, and
10 (III) by striking all that precedes
11 “in a calendar year after 1989,” and
12 inserting the following:

13 “(4) INFLATION ADJUSTMENT.—In the case of
14 any taxable year beginning”.

15 (c) EFFECTIVE DATE.—Except as otherwise pro-
16 vided, the amendments made by this section shall apply
17 to taxable years beginning after December 31, 2012.

18 (d) APPLICATION OF EGTRRA SUNSET.—Each
19 amendment made by subsection (b) shall be subject to title
20 IX of the Economic Growth and Tax Relief Reconciliation
21 Act of 2001 to the same extent and in the same manner
22 as if such amendment was included in title I of such Act.

23 **SEC. 102. TEMPORARY EXTENSION OF 2003 TAX RELIEF.**

24 (a) EXTENSION.—

1 (1) IN GENERAL.—Section 303 of the Jobs and
2 Growth Tax Relief Reconciliation Act of 2003 is
3 amended by striking “December 31, 2012” and in-
4 serting “December 31, 2013”.

5 (2) EFFECTIVE DATE.—The amendment made
6 by this subsection shall take effect as if included in
7 the enactment of the Jobs and Growth Tax Relief
8 Reconciliation Act of 2003.

9 (b) 20-PERCENT CAPITAL GAINS RATE FOR CERTAIN
10 HIGH INCOME INDIVIDUALS.—

11 (1) IN GENERAL.—Paragraph (1) of section
12 1(h) is amended by striking subparagraph (C), by
13 redesignating subparagraphs (D) and (E) as sub-
14 paragraphs (E) and (F) and by inserting after sub-
15 paragraph (B) the following new subparagraphs:

16 “(C) 15 percent of the lesser of—

17 “(i) so much of the adjusted net cap-
18 ital gain (or, if less, taxable income) as ex-
19 ceeds the amount on which a tax is deter-
20 mined under subparagraph (B), or

21 “(ii) the excess (if any) of—

22 “(I) the amount of taxable in-
23 come which would (without regard to
24 this paragraph) be taxed at a rate
25 below 36 percent, over

1 “(II) the sum of the amounts on
2 which a tax is determined under sub-
3 paragraphs (A) and (B),

4 “(D) 20 percent of the adjusted net capital
5 gain (or, if less, taxable income) in excess of the
6 sum of the amounts on which tax is determined
7 under subparagraphs (B) and (C),”.

8 (2) MINIMUM TAX.—Section 55 is amended by
9 adding at the end the following new subsection:

10 “(f) 20-PERCENT CAPITAL GAINS RATE FOR CER-
11 TAIN HIGH INCOME INDIVIDUALS.—

12 “(1) IN GENERAL.—In the case of any indi-
13 vidual, if the taxpayer’s taxable income for the tax-
14 able year exceeds the applicable amount determined
15 under section 1(i) with respect to such taxpayer for
16 such taxable year, the amount determined under
17 paragraph (2) shall be substituted for the amount
18 determined under subsection (b)(3)(C) for purposes
19 of determining the taxpayer’s tentative minimum tax
20 for such taxable year.

21 “(2) DETERMINATION OF 20-PERCENT CAPITAL
22 GAINS RATE.—The amount determined under this
23 paragraph is the sum of—

24 “(A) 15 percent of the lesser of—

1 “(i) so much of the adjusted net cap-
2 ital gain (or, if less, taxable excess) as ex-
3 ceeds the amount on which tax is deter-
4 mined under subsection (b)(3)(B), or

5 “(ii) the excess described in section
6 1(h)(1)(C)(ii), plus

7 “(B) 20 percent of the adjusted net capital
8 gain (or, if less, taxable excess) in excess of the
9 sum of the amounts on which tax is determined
10 under subparagraph (A) and subsection
11 (b)(3)(B).”.

12 (c) CONFORMING AMENDMENTS.—

13 (1) The following provisions are each amended
14 by striking “15 percent” and inserting “20 per-
15 cent”:

16 (A) Section 531.

17 (B) Section 541.

18 (C) Section 1445(e)(1).

19 (D) The second sentence of section
20 7518(g)(6)(A).

21 (E) Section 53511(f)(2) of title 46, United
22 States Code.

23 (2) Section 1445(e)(6) is amended by striking
24 “15 percent (20 percent in the case of taxable years

1 beginning after December 31, 2010)” and inserting
2 “20 percent”.

3 (d) EFFECTIVE DATES.—

4 (1) IN GENERAL.—Except as otherwise pro-
5 vided, the amendments made by subsections (b) and
6 (c) shall apply to taxable years beginning after De-
7 cember 31, 2012.

8 (2) WITHHOLDING.—The amendments made by
9 paragraphs (1)(C) and (2) of subsection (c) shall
10 apply to amounts paid on or after January 1, 2013.

11 (e) APPLICATION OF JGTRRA SUNSET.—Each
12 amendment made by subsections (b) and (c) shall be sub-
13 ject to section 303 of the Jobs and Growth Tax Relief
14 Reconciliation Act of 2003 to the same extent and in the
15 same manner as if such amendment was included in title
16 III of such Act.

17 **SEC. 103. TEMPORARY EXTENSION OF 2010 TAX RELIEF.**

18 (a) AMERICAN OPPORTUNITY TAX CREDIT.—

19 (1) IN GENERAL.—Section 25A(i) is amended
20 by striking “or 2012” and inserting “2012, or
21 2013”.

22 (2) TREATMENT OF POSSESSIONS.—Section
23 1004(e)(1) of division B of the American Recovery
24 and Reinvestment Tax Act of 2009 is amended by

1 striking “and 2012” each place it appears and in-
2 sserting “2012, and 2013”.

3 (b) CHILD TAX CREDIT.—Section 24(d)(4) is amend-
4 ed—

5 (1) by striking “AND 2012” in the heading and
6 inserting “2012, AND 2013”, and

7 (2) by striking “or 2012” and inserting “2012,
8 or 2013”.

9 (c) EARNED INCOME TAX CREDIT.—Section 32(b)(3)
10 is amended—

11 (1) by striking “AND 2012” in the heading and
12 inserting “2012, AND 2013”, and

13 (2) by striking “or 2012” and inserting “2012,
14 or 2013”.

15 (d) TEMPORARY EXTENSION OF RULE DIS-
16 REGARDING REFUNDS IN THE ADMINISTRATION OF FED-
17 ERAL PROGRAMS AND FEDERALLY ASSISTED PRO-
18 GRAMS.—Subsection (b) of section 6409 is amended by
19 striking “December 31, 2012” and inserting “December
20 31, 2013”.

21 (e) EFFECTIVE DATES.—

22 (1) IN GENERAL.—Except as provided in para-
23 graph (2), the amendments made by this section
24 shall apply to taxable years beginning after Decem-
25 ber 31, 2012.

1 (2) RULE DISREGARDING REFUNDS IN THE AD-
2 MINISTRATION OF CERTAIN PROGRAMS.—The
3 amendment made by subsection (d) shall apply to
4 amounts received after December 31, 2012.

5 **SEC. 104. TEMPORARY EXTENSION OF ELECTION TO EX-**
6 **PENSE CERTAIN DEPRECIABLE BUSINESS AS-**
7 **SETS.**

8 (a) IN GENERAL.—

9 (1) DOLLAR LIMITATION.—Section 179(b)(1) is
10 amended—

11 (A) by striking “and” at the end of sub-
12 paragraph (C),

13 (B) by redesignating subparagraph (D) as
14 subparagraph (E),

15 (C) by inserting after subparagraph (C)
16 the following new subparagraph:

17 “(D) \$250,000 in the case of taxable years
18 beginning in 2013, and”, and

19 (D) in subparagraph (E), as so redesign-
20 ated, by striking “2012” and inserting
21 “2013”.

22 (2) REDUCTION IN LIMITATION.—Section
23 179(b)(2) is amended—

24 (A) by striking “and” at the end of sub-
25 paragraph (C),

1 (B) by redesignating subparagraph (D) as
2 subparagraph (E),

3 (C) by inserting after subparagraph (C)
4 the following new subparagraph:

5 “(D) \$800,000 in the case of taxable years
6 beginning in 2013, and”, and

7 (D) in subparagraph (E), as so redesign-
8 dated, by striking “2012” and inserting
9 “2013”.

10 (b) COMPUTER SOFTWARE.—Section
11 179(d)(1)(A)(ii) is amended by striking “2013” and in-
12 serting “2014”.

13 (c) ELECTION.—Section 179(c)(2) is amended by
14 striking “2013” and inserting “2014”.

15 (d) EFFECTIVE DATE.—The amendments made by
16 this section shall apply to taxable years beginning after
17 December 31, 2012.

18 **TITLE II—ALTERNATIVE**

19 **MINIMUM TAX RELIEF**

20 **SEC. 201. TEMPORARY EXTENSION OF INCREASED ALTER-** 21 **NATIVE MINIMUM TAX EXEMPTION AMOUNT.**

22 (a) IN GENERAL.—Paragraph (1) of section 55(d) is
23 amended—

24 (1) by striking “\$72,450” and all that follows
25 through “2011” in subparagraph (A) and inserting

1 “\$78,750 in the case of taxable years beginning in
2 2012”, and

3 (2) by striking “\$47,450” and all that follows
4 through “2011” in subparagraph (B) and inserting
5 “\$50,600 in the case of taxable years beginning in
6 2012”.

7 (b) EFFECTIVE DATE.—The amendments made by
8 this section shall apply to taxable years beginning after
9 December 31, 2011.

10 **SEC. 202. TEMPORARY EXTENSION OF ALTERNATIVE MIN-**
11 **IMUM TAX RELIEF FOR NONREFUNDABLE**
12 **PERSONAL CREDITS.**

13 (a) IN GENERAL.—Paragraph (2) of section 26(a) is
14 amended—

15 (1) by striking “or 2011” and inserting “2011,
16 or 2012”, and

17 (2) by striking “2011” in the heading thereof
18 and inserting “2012”.

19 (b) EFFECTIVE DATE.—The amendments made by
20 this section shall apply to taxable years beginning after
21 December 31, 2011.

1 **TITLE III—TREATMENT FOR**
2 **PAYGO PURPOSES**

3 **SEC. 301. TREATMENT FOR PAYGO PURPOSES.**

4 The budgetary effects of this Act shall not be entered
5 on either PAYGO scorecard maintained pursuant to sec-
6 tion 4(d) of the Statutory Pay-As-You-Go Act of 2010.

