

Joint Committee on Taxation
June 19, 1984
JCX-22-84

The attached items were provided for the information of the conferees only and do not necessarily reflect any decisions made in the conference.

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Senate Offer on Credits and Other Items

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| 5. Windfall profit tax rate on newly discovered oil (sec. 25 of the House bill) (p. 12) | House recesses. |
| 29. Increase in reduction of certain corporate tax preference items from 15 percent to 20 percent (sec. 45 of the Senate amendment) (p. 44) | House recesses. |
| 39. Consolidated returns (sec. 61 of the House bill and sec. 52 of the Senate amendment) (p. 58) | <u>Effective date.</u> --House recesses with amendments exempting (1) through 1987 certain transactions where 80 percent voting control is retained but ownership by value drops to between 80 and 50 percent, and (2) Alaska Native Claims corporations through 1991. |
| 50. Prepaid expenses (sec. 91 of the House bill and sec. 71 of the Senate amendment) (p. 72) | Senate recesses with an amendment providing an exception that would allow a deduction for prepaid expenses where economic performance occurs after the end of the year under the following conditions: (a) economic performance occurs with 90 days after the end of the taxable year, (b) deduction would be limited to the cash investment made by the taxpayer, and (c) the requirements of present law are met. For purposes of this exception, in the case of oil and gas, economic performance would occur when drilling of the well is commenced. |

156. Divestiture of grandfathered holding
(sec. 311 of Senate amendment) (p. 206)
232. Residential renewable energy tax credits
(sec. 855 of the Senate amendment) (p. 328)
233. Business energy tax credits (sec. 855 of the Senate amendment) (p. 328)

(a) Solar, wind, geothermal and ocean thermal property

(b) Geothermal property

(c) Dual purpose

(d) Biomass property

(e) Shale oil hydrogenation equipment

(f) Tar sands equipment

(g) Affirmative commitment rule

(h) Photovoltaics

House recedes.

House recedes with amendment extending residential renewable energy credits for one year, through 1986.

(a) House recedes with an amendment extending the credit for one year, through 1986.

(b) House recedes.

(c) House recedes.

(d) Senate recedes.

(e) House recedes.

(f) House recedes with an amendment terminating the credit at the end of 1986.

(g) House recedes with an amendment providing, in the case of synthetic fuels projects, for permitting before 1986, binding contracts before 1987 and completion before 1992. For solar, wind geothermal and ocean thermal the affirmative commitment rule would require permitting before 1987, contracting before July 1, 1987, and completion before 1988.

(h) Senate recedes but the photovoltaic credit is extended under item (a).

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| 234. Definition of new energy property (sec. 174 of the Senate amendment) (p. 332) | House recedes. |
| 235. Targeted jobs credit (sec. 856 of the Senate amendment) (p. 332) | House recedes with amendment extending the credit for two years through 1986. |
| 236. Earned income credit (sec. 868 of the Senate amendment) (p. 334) | House recedes. |
| 237. Investment tax credit for soil and water conservation expenditures; increase in cost recovery period for single purpose agricultural structures (sec. 892 and 893 of Senate amendment) (p. 336) | Senate recedes. |
| 239. Research tax credit (sec. 882 of the Senate amendment) (p. 340) | House recedes with an amendment extending the credit for one year through 1986. |

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Senate Offer on Estate and Gift Tax Provisions

4. Maximum estate and gift tax rates (sec. 21 of the House bill) (p. 12)

Senate recedes with an amendment freezing the top rate at 55 percent through 1987, declining to 50 percent in 1988, and thereafter.

190. Installment payments of estate tax attributable to interests in closely held businesses (sec. 812 of the House bill and sec. 801 of the Senate amendment) (p. 280)

House recedes with technical modifications.

191. Repeal of generation-skipping transfer tax (sec. 802 of the Senate amendment) (p. 280)

House recedes with an amendment replacing the current generation-skipping tax provisions with revised generation-skipping tax provisions based on Treasury's proposals to simplify the generation-skipping tax and to tax direct generation-skipping transfers. The \$1 million exemption proposed by Treasury would be increased to \$1.5 million. The generation-skipping rate would be 55 percent of the regular estate tax rate rather than 80 percent of the regular estate tax rate as proposed by Treasury.

192. Treatment of certain disclaimers (sec. 803 of the Senate amendment) (p. 282)

House recedes.

