



## DESCRIPTION OF MODIFICATION TO THE CHAIRMAN'S MARK

The Senate Committee on Finance has scheduled a markup of a Chairman's Mark of the "Marriage Tax Relief Act of 2000"<sup>1</sup> on March 30, 2000. This document,<sup>2</sup> prepared by the staff of the Joint Committee on Taxation, contains a description of a modification to the Chairman's Mark.

### **A. Increase in the EIC Phase-out for Married Couples**

The modification would increase the beginning and ending income levels of the phase-out of the EIC for married couples filing a joint return by \$2,500, instead of the \$2,000 increase in the Chairman's mark. The beginning and ending income levels of the EIC phase-out (including the \$2,500 increase for joint returns) would continue to be indexed for inflation, as under present law. For couples with two or more qualifying children, the maximum increase in the EIC as a result of the modification would be \$2,500 times 21.06 percent, or \$526.50.

The modification relating to the EIC phase-out would be effective for taxable years beginning after December 31, 2000.

### **B. Increase in Rate Brackets for Married Couples**

The modification would adjust the phase in of the 15-percent regular income tax rate bracket in the Chairman's Mark, and would add a new provision to increase the size of the 28-percent regular income tax rate bracket for married couples filing a joint return to twice the size of the corresponding rate bracket for a single individual. The increase in the 15-percent and 28-percent rate brackets would be phased-in over six years as follows:

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<sup>1</sup> A description of the provisions of the Chairman's Mark of the Marriage Tax Relief Act of 2000 may be found in Joint Committee on Taxation, *Description of a Chairman's Mark of the Marriage Tax Relief Act of 2000 (JCX-34-00)*, March 28, 2000.

<sup>2</sup> This document may be cited as follows: Joint Committee on Taxation, *Description of Modification to the Chairman's Mark (JCX-39-00)*, March 30, 2000.

<u>Taxable year</u>	<u>Joint return rate bracket as a percentage of single return rate bracket</u>
2002 .....	170.3
2003 .....	173.8
2004 .....	180.0
2005 .....	183.2
2006 .....	185.0
2007 and thereafter .....	200

The modification to the 15-percent and 28-percent rate brackets would be effective for taxable years beginning after December 31, 2001.