

**ESTIMATED REVENUE EFFECTS OF THE CHAIRMAN'S AMENDMENT IN THE NATURE OF A SUBSTITUTE TO H.R. 2896,
THE "AMERICAN JOBS CREATION ACT OF 2003,"
SCHEDULED FOR MARKUP BY THE COMMITTEE ON WAYS AND MEANS ON OCTOBER 28, 2003**

Fiscal Years 2004 - 2013

[Millions of Dollars]

Provision	Effective	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2004-08	2004-13
Corporate Reform and Growth Incentive Provisions													
A. Reduction in Corporate Income Tax Rates [1]													
1. Corporate tax rate reductions for manufacturing and other specified income, including maximum 34% rate for 2004 through 2006, and 32% for 2007 and thereafter [2]	tyba 12/31/03	-1,380	-2,115	-3,604	-5,664	-6,260	-7,259	-8,182	-8,406	-9,002	-9,254	-19,023	-61,126
2. 33% corporate income tax rate applies to taxable income over \$75,000 and under \$1 million in 2004 through 2006; 32% corporate income tax rate applies to taxable income over \$75,000 and under: \$1 million in 2007 and 2008, \$5 million in 2009 through 2011, and \$20 million thereafter for non-manufacturing income [2]	tyba 12/31/03	-353	-627	-757	-1,030	-1,150	-1,753	-2,046	-2,108	-3,077	-3,539	-3,917	-16,440
B. Two-Year Extension of Increased Expensing for Small Business - 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 after 2007)													
	tyba 12/31/05	---	---	-3,833	-6,832	-899	3,493	2,338	1,645	1,211	854	-11,564	-2,023
C. Depreciation													
1. 15-year straight-line cost recovery for qualified leasehold improvements (sunset after 2005)	ppisa DOE	-59	-148	-245	-276	-267	-252	-235	-232	-238	-226	-995	-2,178
2. 15-year straight-line cost recovery for qualified restaurant improvements (sunset after 2005) [3]	ppisa DOE	-300	-174	-28	-33	-33	-33	-33	-33	-33	-33	-568	-733
D. Alternative Minimum Tax Relief													
1. Repeal the 90% limitation on the use of foreign tax credits against the AMT	tyba 12/31/04	---	-236	-355	-338	-334	-333	-334	-338	-344	-352	-1,263	-2,964
2. Phaseout 90% limitation on use on net operating losses (92% in 2005 through 2007, 94% in 2008 and 2009, 96% in 2010, 98% in 2011, and 100% in 2012 and thereafter)	tyba 12/31/04	---	-116	-175	-171	-310	-381	-538	-792	-1,061	-1,147	-773	-4,693
3. Expansion of exemption from alternative minimum tax for small corporations to \$20 million	tyba 12/31/04	---	-105	-136	-118	-113	-109	-106	-104	-104	-104	-472	-999
4. Coordinate farmer income averaging and the alternative minimum tax	tyba 12/31/02	-2	-2	-2	-3	-4	-5	-6	-7	-7	-8	-13	-46
E. S Corporation Reform and Simplification													
1. Treat members of family as one shareholder (3 generations, without limit) (includes interaction with line 2 below)	tyba 12/31/03 & eatma 12/31/03	-1	-3	-4	-6	-7	-7	-8	-8	-8	-8	-21	-60

Provision	Effective	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2004-08	2004-13
2. Increase in number of eligible shareholders to 100	tyba 12/31/03	-17	-42	-54	-64	-72	-77	-79	-81	-81	-82	-250	-650
3. Expansion of bank S corporation eligible shareholders to include IRAs	DOE	-16	-33	-34	-36	-37	-39	-41	-43	-45	-47	-156	-371
4. Disregard of unexercised powers of appointment in determining potential current beneficiaries of ESBT	tyba 12/31/03	----- Negligible Revenue Effect -----											
5. Transfer of suspended losses incident to divorce	tyba 12/31/03	-1	-2	-2	-2	-2	-3	-3	-3	-3	-3	-10	-24
6. Use of passive activity loss by subchapter S trust income beneficiaries	tma 12/31/03	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-4	-8
7. Exclusion of investment securities income from passive income test for bank S corporations	tyba 12/31/03	----- Negligible Revenue Effect -----											
8. Treatment of qualifying director shares	tyba 12/31/03	-4	-10	-13	-14	-15	-16	-16	-16	-17	-17	-56	-138
9. Relief from inadvertently invalid qualified subchapter S subsidiary elections and terminations	tyba 12/31/03	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-7	-15
10. Information returns for qualified subchapter S subsidiaries	tyba 12/31/03	----- No Revenue Effect -----											
11. Repayment of loan for qualifying employer securities.....	dma 12/31/03	[4]	[4]	[4]	[4]	[4]	[4]	[4]	[4]	-1	-1	-2	-4
F. Protecting Employee Benefits													
1. Treatment of nonqualified deferred compensation plans	[5]	137	160	91	31	15	14	13	97	127	114	433	800
2. Exclusion of incentive stock options and employee stock purchase plan stock options from wages	saptoea DOE	----- No Revenue Effect -----											
3. Extend provision under section 420 permitting qualified transfers of excess defined benefit pension plan assets to 401(h) accounts (through 12/31/13)	DOE	---	---	18	38	40	40	40	40	40	40	97	298
G. Treatment of Active Income													
1. Treat European Union as one country for certain purposes of subpart F	[6]	---	---	---	---	---	-533	-1,982	-2,293	-2,641	-3,030	---	-10,479
2. Look-through treatment of payments between related CFCs under foreign personal holding company income rules	[7]	---	---	---	-83	-235	-249	-272	-292	-314	-337	-318	-1,782
3. Look-through treatment for sales of partnership interests	[7]	---	---	---	-43	-101	-106	-111	-116	-122	-129	-144	-728
4. Repeal of foreign personal holding company rules and foreign investment company rules	[7]	---	---	---	-31	-81	-91	-102	-114	-128	-143	-112	-690
5. Clarification of treatment of pipeline transportation income	[8]	---	-1	-7	-9	-11	-14	-19	-24	-32	-44	-28	-161
6. Determination of foreign personal holding company income with respect to transactions in commodities	teia 12/31/04	---	-4	-10	-10	-10	-10	-11	-11	-11	-11	-34	-88
7. Repeal of CFC rules on foreign base company shipping income [9]	[8]	---	-6	-42	-52	-64	-76	-88	-98	-108	-118	-164	-652
8. Modification of exceptions under subpart F for active financing income	[10]	----- Negligible Revenue Effect -----											
9. Partial exclusion for foreign-source royalties from certain film-related intangibles	tyea 12/31/06	---	---	[4]	-2	-15	-38	-72	-123	-162	-185	-17	-597
H. Reduction in Double Taxation of Corporate Earnings													
1. Interest expense allocation rules	tyba 12/31/08	---	---	---	---	---	-944	-2,487	-2,586	-2,689	-2,797	---	-11,503
2. Recharacterization of overall domestic loss	If tyba 12/31/05	---	---	-54	-647	-680	-713	-756	-793	-829	-862	-1,381	-5,334
3. Reduction to 2 foreign tax credit baskets [11]	tyba 12/31/04	---	-557	-749	-824	-900	-927	-1,002	-1,039	-1,078	-1,119	-3,030	-8,195

Provision	Effective	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2004-08	2004-13
4. Look-through rules to apply to dividends from noncontrolled section 902 corporations	tyba 12/31/02	-585	-77	-51	-23	-6	-1	[12]	[12]	[12]	[12]	-742	-743
5. Attribution of stock ownership through partnerships to apply in determining section 902 and 960 credits	tyba DOE	---	-1	-3	-3	-3	-3	-3	-3	-3	-3	-10	-25
6. Clarification of treatment of certain transfers of intangible property	aro/a 8/5/97	-22	-4	-5	-5	-5	-5	-5	-5	-5	-5	-41	-66
7. United States property not to include certain assets acquired by dealers in ordinary course of trade or business	[8]	---	-1	-12	-12	-12	-13	-13	-14	-14	-14	-37	-105
8. Election not to use average exchange rate for foreign tax paid other than in functional currency	tyba 12/31/04	----- <i>Negligible Revenue Effect</i> -----											
9. Repeal of withholding tax on dividends from certain foreign corporations	pma 12/31/04	---	-2	-3	-3	-3	-3	-3	-3	-3	-3	-11	-26
10. Provide equal treatment for interest paid by foreign partnerships and foreign corporations doing business in the U.S.	tyba 12/31/03	-1	-2	-2	-2	-2	-2	-2	-2	-3	-3	-9	-21
11. Interaction	---	---	217	238	263	313	587	802	826	851	877	1,031	4,974
I. Other Provisions													
1. Special rules for livestock sold on account of weather-related conditions - Increase reinvestment period from 2 to 4 years for involuntary conversion of livestock due to drought, flood, or other weather-related conditions	trda 12/31/02	---	-18	-7	-4	-3	-3	-3	4	6	2	-32	-27
2. Payment of dividends on stock of cooperatives without reducing patronage dividends	dmi tyba DOE	[4]	[4]	-1	-1	-1	-1	-2	-2	-3	-4	-3	-14
3. Add Hepatitis A to the list of taxable vaccines	[13]	11	9	9	9	9	9	9	9	9	9	45	91
4. Expand human clinical trials expenses qualifying for the orphan drug tax credit	eia DOE	-10	-16	-16	-17	-18	-19	-20	-21	-22	-23	-77	-182
5. Distributions from publicly traded partnerships treated as qualifying income for regulated investment company.....	tyba DOE	-1	-3	-4	-5	-6	-6	-6	-7	-8	-8	-19	-54
6. Real estate investment trust modification provisions.....	tyba 12/31/00 & tyba DOE	----- <i>Negligible Revenue Effect</i> -----											
7. Simplification of excise tax imposed on bows and arrows [14].....	asbmpoia 12/31/03	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-3	-7
8. Repeal excise tax on fishing tackle boxes [14]	asbmpoia 12/31/03	-3	-3	-3	-3	-3	-3	-3	-3	-3	-3	-12	-32
9. Income tax credit for cost of carrying tax-paid distilled spirits in wholesale inventories.....	tyba 12/31/03	-12	-18	-19	-19	-20	-20	-20	-20	-21	-21	-88	-190
10. Capital gains treatment to apply to outright sales of timber by landowner	sota DOE	----- <i>Negligible Revenue Effect</i> -----											
11. Repeal excise tax on sonar devices suitable for finding fish [14].....	asbmpoia 12/31/03	[4]	[4]	[4]	[4]	[4]	[4]	[4]	-1	-1	-1	-2	-5
12. Taxation of certain settlement funds.....	tyba 12/31/03	-4	-6	-6	-6	-7	-7	-7	-7	-8	-8	-29	-64
13. Suspension of the occupational taxes relating to distilled spirits, wine, and beer (sunset 6/30/07)	tia 6/30/04	-66	-78	-78	-12	---	---	---	---	---	---	-234	-234
Total of Corporate Reform and Growth Incentive Provisions		-2,692	-4,027	-9,961	-16,065	-11,315	-9,914	-15,417	-17,130	-19,988	-21,799	-44,065	-128,313

Provision	Effective	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2004-08	2004-13
Provisions to Reduce Tax Avoidance Through Corporate Earnings Stripping and Expatriation													
1. Reduction in potential for earnings stripping by further limiting deduction for interest on certain indebtedness (eliminate debt/equity safe harbor, use 35% generally for pre-2005 and 25% for post-2004 debt and 50% for guaranteed debt, or elect 30% for all post-2004 debt, eliminate excess limit carryforward, and change excess interest carryforward period for net interest expense/ATI test to 10 years)	[15]	61	65	142	288	318	355	360	369	379	389	874	2,726
2. Tax treatment of expatriated entities	tyea 3/4/03	27	19	24	28	30	32	37	43	48	52	128	340
3. 15% excise tax on stock compensation of insiders in expatriated corporations	[16]	11	7	7	7	7	7	8	8	8	8	38	78
4. Reinsurance of United States risks in foreign jurisdictions	rra DOE	[17]	[17]	[17]	[17]	[17]	[17]	[17]	[17]	[17]	[17]	2	5
5. Revision of tax rules for individuals who expatriate	iwea 2/27/03	19	18	21	24	28	32	37	43	49	56	110	327
6. Reporting of taxable mergers and acquisitions	aa DOE	1	2	3	3	3	3	3	3	3	3	12	27
7. Studies	DOE	----- No Revenue Effect -----											
Total of Provisions to Reduce Tax Avoidance Through Corporate Earnings Stripping and Expatriation		119	111	197	350	386	429	445	466	487	508	1,164	3,503
Provisions Relating to Tax Shelters and Miscellaneous Other Provisions													
A. Tax Shelter Provisions													
1. Provisions relating to reportable transactions and tax shelters (sections 3001, 3002, 3003, 3004, 3005, 3006, 3007, and 3008)	various dates after DOE [18]	92	115	119	120	124	131	139	150	164	179	570	1,333
2. Modifications to the substantial understatement penalty for nonreportable transactions (section 3009)	tyba DOE	---	4	11	19	23	26	30	34	38	38	57	223
3. Modification of actions to enjoin certain conduct related to tax shelters and reportable transactions (section 3010)	da DOE	----- Negligible Revenue Effect -----											
4. Impose a civil penalty (of up to \$5,000) on failure to report interest in foreign financial accounts (section 3011)	DOE	---	[17]	[17]	[17]	[17]	[17]	[17]	[17]	[17]	[17]	1	3
5. Regulation of individuals practicing before the Department of Treasury (section 3012)	ata DOE	----- No Revenue Effect -----											
B. Other Provisions													
1. Treatment of stripped interest in bond and preferred stock funds (section 3021)	pada DOE	11	8	3	[17]	[17]	[17]	[17]	[17]	[17]	[17]	23	24
2. Minimum holding period for foreign tax credit on withholding tax on income other than dividends (section 3022)	apoamt 30da DOE	1	3	3	3	3	3	3	3	3	3	13	28
3. Disallowance of certain partnership loss transfers (section 3023)	ctada DOE	18	39	57	70	79	84	86	89	91	94	264	708
4. No reduction of basis under section 734 in stock held by partnership in corporate partner (section 3024)	da DOE	5	13	20	28	36	44	51	54	56	57	101	364
5. Repeal of special rules for FASITs (section 3025)	tyba 12/31/03	----- Negligible Revenue Effect -----											
6. Limitation on transfer of built-in losses on REMIC residuals (section 3026)	ta DOE	[17]	2	4	6	8	10	13	16	19	22	20	100

Provision	Effective	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2004-08	2004-13
7. Clarification of banking business for purposes of determining investment of earnings in United States property (section 3027)	DOE	---	7	13	14	16	18	20	21	22	23	50	154
8. Modify rules related to certain small property and casualty insurance companies - reform of 501(c)(15) to apply to organizations with gross receipts not exceeding \$600,000 and premiums at least 50% of gross receipts; increase the net-written-premium threshold permitting certain small insurance companies to be taxed on investment income to \$1.89 million and index for inflation (section 3028)	tyba 12/31/03	45	98	111	117	122	127	131	137	143	149	492	1,179
9. Modification of definition of insurance companies other than life insurance companies (section 3029)	tyba 12/31/03	1	2	2	2	2	3	3	3	3	3	11	24
10. Deny deduction for interest paid to the IRS on underpayments involving certain tax motivated transactions (section 3030)	tyba DOE	---	---	1	1	3	4	4	4	4	4	5	25
11. Clarification of rules for payment of estimated tax for certain deemed asset sales (section 3031)	toa DOE	51	37	10	3	3	3	3	4	4	5	104	123
12. Exclusion of like-kind exchange property from nonrecognition treatment on the sale or exchange of a principal residence (section 3032)	sopra DOE	[17]	11	13	15	17	19	21	23	25	27	56	171
13. Prevent mismatching of deductions and income inclusions in transactions with related foreign persons (section 3033)	pao/a DOE	12	41	84	79	33	35	37	39	41	43	249	444
14. Exclusion from gross income for interest on overpayments of income tax by individuals (section 3034).....	iri cyba DOE	---	1,034	-103	-106	-109	-112	-116	-120	-125	-129	716	115
15. Deposits made to suspend the running of interest on potential underpayments (section 3035)	dma DOE	157	-5	-6	-6	-6	-6	-7	-7	-7	-7	134	101
16. Authorize IRS to enter into installment agreements that provide for partial payment (section 3036)	iaeio/a DOE	48	14	5	[19]	[19]	[19]	[19]	[19]	[19]	[19]	67	67
17. Extension of IRS user fees (through 9/30/13) (section 3037) [20]	DOE	---	25	35	36	38	39	41	42	44	45	135	345
Provisions Relating to Tax Shelters and Miscellaneous Other Provisions		441	1,448	382	401	392	428	459	492	525	556	3,068	5,531
Trade Enhancement and Compliance Provisions													
1. Repeal of exclusion for extraterritorial income	[21]	453	880	1,436	3,636	5,490	5,714	5,983	6,253	6,515	6,787	11,895	43,147
2. Extend Customs User Fees:													
a. Passenger and conveyance processing fee (through 12/31/13) [20]	DOE	148	377	396	416	437	459	482	507	531	558	1,774	4,311
b. Merchandise processing fee (through 12/31/13) [20]	DOE	537	1,042	1,094	1,149	1,206	1,266	1,330	1,396	1,466	1,539	5,028	12,025
Total of Trade Enhancement and Compliance Provisions		1,138	2,299	2,926	5,201	7,133	7,439	7,795	8,156	8,512	8,884	18,697	59,483
NET TOTAL		-994	-169	-6,456	-10,113	-3,404	-1,618	-6,718	-8,016	-10,464	-11,851	-21,136	-59,796

Joint Committee on Taxation

NOTE: Details may not add to totals due to rounding.

[Legend and Footnotes for JCX-95-03 appear on the following page]

Legend and Footnotes for JCX-95-03:

Legend for "Effective" column:

aa = acquisitions after
 apoamt = amounts paid or accrued more than
 aro/a = amounts received on or after
 asbmpoia = articles sold by the manufacturer, producer,
 or importer after
 ata = actions taken after
 ctada = contributions, transfers, and distributions after
 cyba = calendar years beginning after
 da = day after
 Da = distributions after
 dma = distributions made after
 DOE = date of enactment

dmi = distributions made in
 iwea = individuals who expatriate after
 eatma = elections and terminations made after
 eia = expenses incurred after
 iaeio/a = installment agreements entered into on or after
 iri = interest received in
 lf = losses for
 pa = periods after
 pada = purchases and dispositions after
 pao/a = payments accrued on or after
 pma = payments made after
 rra = risk reinsured after

saptoea = stock acquired pursuant to options
 exercised after
 sopra = sales of principal residences after
 sota = sales of timber after
 ta = transactions after
 teia = transactions entered into after
 tia = taxes imposed after
 tma = transfers made after
 toa = transactions occurring after
 trda = tax returns due after
 tyba = taxable years beginning after
 tyea = taxable years ending after
 30da = 30 days after

- [1] Estimates have been revised. Note, non-manufacturing income is stacked first in the application of these proposals.
- [2] Overlap between the two rate reduction proposals (items A.1. and A.2.) is reflected in A.1.
- [3] Estimate has been revised to cover improvements only.
- [4] Loss of less than \$500,000.
- [5] Effective for amounts deferred in taxable years beginning after December 31, 2003, except for amounts deferred in 2004 pursuant to an irrevocable election made prior to October 24, 2003.
- [6] Effective for taxable years of foreign corporations beginning after December 31, 2008, and taxable years of United States persons owning stock in such corporations with or within which such corporation's taxable years end.
- [7] Effective for taxable years of foreign corporations beginning after December 31, 2006, and taxable years of United States persons owning stock in such corporations with or within which such corporation's taxable years end.
- [8] Effective for taxable years of foreign corporations beginning after December 31, 2004, and taxable years of United States persons owning stock in such corporations with or within which such corporation's taxable years end.
- [9] Estimate accounts for interaction with reduction to 2 foreign tax credit baskets in item H.3.
- [10] Effective for taxable years of foreign corporations beginning after December 31, 2004, and taxable years of U.S. shareholders ending with or within such taxable years of such foreign corporations.
- [11] Pre-effective date excess credits carried forward to new basket that would apply under new system.
- [12] Loss of less than \$1 million.
- [13] Effective for vaccines sold beginning on the first day of the first month beginning more than four weeks after the date of enactment.
- [14] Provision will have partially offsetting effects on outlays which will be provided by the Congressional Budget Office.
- [15] Effective for taxable years beginning after 2003, and taxable years ending after March 4, 2003, for "surrogate" corporations with lookback to December 31, 1996.
- [16] Generally effective March 4, 2003.
- [17] Gain of less than \$1 million.
- [18] Effective dates for provisions relating to reportable transactions and tax shelters: section 3001 is effective for returns and statements the due date of which is after the date of enactment; section 3002 is effective for taxable years ending after the date of enactment; section 3003 is effective for communications made on or after the date of enactment; section 3004 applies to all taxable years for which the statute of limitations under section 6501 has not run as of the date of enactment; section 3005 is effective for transactions with respect to which material aid, assistance or advice is provided after the date of enactment; section 3006 is effective for returns the due date for which is after the date of enactment; section 3007 is effective for requests made after the date of enactment; and section 3008 is effective for activities after the date of enactment.
- [19] Gain of less than \$500,000.
- [20] Estimate provided by the Congressional Budget Office.
- [21] Generally effective for transactions after 2003, with transition for transactions during 2004 through 2006.