

- Ways and Means Committee -

ESTIMATED REVENUE EFFECTS OF H.R. 3419,  
TAX SIMPLIFICATION AND TECHNICAL CORRECTIONS ACT OF 1993,  
SCHEDULED FOR MARKUP ON WEDNESDAY, NOVEMBER 3, 1993

Fiscal Years 1994-1998

[Millions of Dollars]

Item	Effective	1994	1995	1996	1997	1998	1994-98
<b>TAX SIMPLIFICATION PROVISIONS</b>							
<b>I. Provisions Relating to Individuals</b>							
<b>A. Rollover of Gain on Sale of Principal Residence</b>							
1. Multiple sales within rollover period.....	s/a DoE	-1	-3	-3	-3	-3	-13
2. Special rules in case of divorce.....	s/a DoE	-2	-2	-3	-4	-4	-15
<b>B. Other Provisions</b>							
1. De minimis exception to passive loss rules.....	tyba 12/31/93	----- <i>Negligible revenue effect</i> -----					
2. Payment of tax by credit card.....	DoE +9 mos.	----- <i>No revenue effect</i> -----					
3. Modifications to election to include child's income on parent's return.....	tyba 12/31/93	-1	-1	-1	[1]	[1]	-3
4. Simplified foreign tax credit limitation for individuals.....	tyba 12/31/93	[1]	[1]	-1	-1	-1	-4
5. Treatment of personal transactions by individuals under foreign currency rules.....	tyba 12/31/92	[1]	[1]	[1]	[1]	[1]	-2
6. Expanded access to simplified income tax returns.....	tyba DoE	----- <i>No revenue effect</i> -----					
7. Treatment of certain reimbursed expenses of rural mail carriers.....	tyba 12/31/92	-1	-1	-1	-1	-1	-5
8. Exclusion of combat pay from withholding limited to amount excludable from gross income.....	r/a 12/31/94	----- <i>No revenue effect</i> -----					
<b>II. Pension Simplification</b>							
<b>A. Simplified Distribution Rules</b>							
1. Repeal of 5-year income averaging for lump-sum distributions.....	1/1/94	--	13	35	41	66	155

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2. Repeal of \$5,000 exclusion of employees' death benefits.....	1/1/94	13	41	44	46	49	195
3. Simplified method for taxing annuity distributions under certain employer plans.....	1/1/94	[2]	4	6	9	11	31
4. Minimum required distributions.....	1/1/94	-1	-4	-4	-4	-4	-18
<b>B. Increased Access to Pension Plans</b>							
1. Modifications of simplified employee pensions (SEPs).....	1/1/94	-4	-11	-11	-12	-12	-50
2. Tax-exempt organizations eligible under section 401(k).....	1/1/94	-13	-39	-48	-57	-68	-225
3. Duties of sponsors of certain prototype plans.....	DoE	----- No revenue effect -----					
<b>C. Nondiscrimination Provisions</b>							
1. Definition of highly compensated employees.....	1/1/94	----- Considered in other provisions -----					
2. Modification of additional participation requirements.....	1/1/94	----- Negligible revenue effect -----					
3. Nondiscrimination rules for qualified cash or deferred arrangements and matching contributions.....	1/1/94	-27	-73	-77	-81	-85	-342
<b>D. Miscellaneous Simplification</b>							
1. Treatment of leased employees.....	1/1/94	----- Negligible revenue effect -----					
2. Modifications of cost-of-living adjustments.....	1/1/94	----- Negligible revenue effect -----					
3. Plans covering self-employed individuals.....	1/1/94	----- Negligible revenue effect -----					
4. Elimination of special vesting rule for multiemployer plans.....	1/1/94	--	[1]	[1]	-1	-1	-2
5. Full-funding limitation of multiemployer plans.....	1/1/94	--	-6	-12	-13	-14	-45
6. Alternative full-funding limitation.....	1/1/95	--	-1	[1]	--	--	-2
7. Distributions under rural cooperative plans.....	DoE	----- Negligible revenue effect -----					
8. Treatment of governmental plans under section 415.....	tyba DoE	----- Negligible revenue effect -----					
9. Uniform retirement age.....	1/1/94	----- Considered in other provisions -----					
10. Uniform penalty provision to apply to certain pension reporting requirements.....	1/1/94	----- No revenue effect -----					
11. Contributions on behalf of disabled employees.....	1/1/94	----- Negligible revenue effect -----					
12. Special rules for plans covering pilots.....	1/1/94	-2	-3	-3	-3	-3	-14
13. Treatment of deferred compensation plans of State and local governments and tax-exempt organizations.....	tybo/a DoE	[1]	-1	-2	-2	-2	-7
14. Treatment of employer reversions required by contract to be paid to the United States.....	DoE	----- Negligible revenue effect -----					
15. Continuation health coverage for employees of failed financial institutions [3].....	12/19/91	-12	-8	-4	-2	-1	-27
16. Date for adoption of plan amendments.....	DoE	----- No revenue effect -----					

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<b>III. Treatment of Large Partnerships</b>							
<b>A. General Partnership Provisions</b>							
1. Simplified audit procedures and flow-through for large partnerships.....	tyeo/a 12/31/94	--	2	7	8	9	26
2. Due date for furnishing information to partners of large partnerships.....	tyeo/a 12/31/94	----- No revenue effect -----					
3. Returns may be required on magnetic media.....	tyeo/a 12/31/98	----- No revenue effect -----					
4. UBIT reporting exception for certain IRA income.....	12/31/93	----- No revenue effect -----					
<b>B. Partnership Proceedings Under TEFRA.....</b>	--	[1]	[1]	[1]	[1]	[1]	-1
<b>IV. Foreign Tax Provisions</b>							
<b>A. Treatment of Passive Foreign Corporations.....</b>	tyba 12/31/93	6	12	14	15	17	64
<b>B. Treatment of Controlled Foreign Corporations (CFCs).....</b>	--	-1	-2	-2	-3	-3	-12
<b>C. Other Foreign Provisions</b>							
1. Exchange rate used in translating foreign taxes.....	--	[1]	[1]	[1]	[1]	[1]	[1]
2. Election to use simplified section 904 limitation for alternative minimum tax.....	tyba 12/31/93	[1]	[1]	[1]	[1]	[1]	-1
3. Modifications of sections 1491 and 367(b) (inbound and outbound transfers).....	--	--	-1	-1	-2	-2	-5
<b>V. Other Income Tax Provisions</b>							
<b>A. Subchapter S Corporations</b>							
1. Authority to validate certain invalid elections.....	tyba 12/31/82	[1]	[1]	[1]	[1]	[1]	-1
2. Treatment of distributions during loss years.....	tyba 12/31/92	[1]	[1]	[1]	[1]	[1]	-1
3. Permit certain trusts to hold stock in S corporations.....	DoE	-1	-1	-1	-2	-2	-7
4. Other modifications.....	--	[1]	[1]	[1]	[1]	-1	-2
<b>B. Accounting Provision</b>							
1. Modifications to look-back method for long-term contracts.....	cc/tyea/E	-3	-5	-6	-6	-7	-27
<b>C. Regulated Investment Companies (RICs)</b>							
1. Repeal of 30% gross income limitation.....	tyba DoE	-12	-22	-24	-26	-28	-112
2. Basis rules for shares in open-end regulated investment companies (RICs).....	s/ao/a 1/1/95	--	-1	-3	-7	-9	-20
3. Nonrecognition treatment for certain transfers by common trust funds to RICs.....	DoE	-6	-7	-5	-3	--	-22
<b>D. Tax-Exempt Bond Provisions</b>							
1. Repeal of \$100,000 limitation on unspent proceeds under 1-year exception from rebate.....	bia DoE	-1	-3	-3	-4	-4	-15
2. Exception from rebate for earnings on bona fide debt service fund under construction bond rules.....	bia DoE	-1	-2	-2	-2	-3	-10

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3. Repeal of debt service-based limitation on investment in certain non-purpose investments.....	bia DoE	----- <i>Negligible revenue loser</i> -----						
4. Repeal of expired provisions affecting student loan bonds.....	DoE	----- <i>No revenue effect</i> -----						
5. Clarification of definition of "investment-type property".....	bia 8/31/86	----- <i>No revenue effect</i> -----						
<b>E. Insurance Provisions</b>								
1. Treatment of certain insurance contracts on retired lives.....	tyba 12/31/92	3	3	3	3	3	15	
2. Treatment of modified guaranteed contracts.....	tyba 12/31/92	7	7	10	12	13	49	
<b>F. Other Provisions</b>								
1. Closing of partnership taxable year with respect to deceased partner, etc...	tyba 12/31/93	[1]	[1]	[1]	[1]	[1]	-1	
2. Modification of credit for producing fuel from a nonconventional source.....	1/1/93	----- <i>No revenue effect</i> -----						
<b>VI. Estate and Gift Tax Provisions</b>								
1. Clarification of waiver of certain rights of recovery.....	DoE	----- <i>No revenue effect</i> -----						
2. Adjustments for gifts within 3 years of decedent's death.....	DoE	[1]	[1]	[1]	[1]	[1]	-1	
3. Clarification of qualified terminable interest rules.....	DoE	----- <i>No revenue effect</i> -----						
4. Transitional rule under section 2056A.....	DoE	[1]	[1]	[1]	[1]	[1]	-1	
5. Opportunity to correct certain failures under section 2032A.....	DoE	[1]	[1]	[1]	[1]	[1]	-1	
<b>VII. Excise Tax Simplification</b>								
<b>A. Distilled Spirits, Wines, and Beer</b>								
1. Credit or refund for imported bottled distilled spirits returned to distilled spirits plant.....	DoE +180 days	----- <i>Negligible revenue effect</i> -----						
2. Authority to cancel or credit export bonds without submission of records.....	DoE +180 days	----- <i>No revenue effect</i> -----						
3. Repeal of required maintenance of records on premises of distilled spirits plant.....	DoE +180 days	----- <i>No revenue effect</i> -----						
4. Fermented material from any brewery may be received at a distilled spirits plant.....	DoE +180 days	----- <i>Negligible revenue effect</i> -----						
5. Repeal of requirement for wholesale dealers in liquors to post sign.....	DoE	----- <i>No revenue effect</i> -----						
6. Refund of tax to wine returned to bond not limited to unmerchantable wine.....	DoE +180 days	----- <i>Negligible revenue effect</i> -----						
7. Use of additional ameliorating material in certain wines.....	DoE +180 days	----- <i>No revenue effect</i> -----						
8. Domestically produced beer may be withdrawn free of tax for use of foreign embassies, legations, etc.....	DoE +180 days	----- <i>Negligible revenue effect</i> -----						
9. Beer may be withdrawn free of tax for destruction.....	DoE +180 days	----- <i>Negligible revenue effect</i> -----						
10. Authority to allow drawback on exported beer without submission of records.....	DoE +180 days	----- <i>No revenue effect</i> -----						
11. Transfer to brewery of beer imported in bulk without payment of tax.....	DoE +180 days	----- <i>Negligible revenue effect</i> -----						

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<b>B. Other Excise Tax Provisions</b>							
1. Authority for IRS to grant exemptions from registration requirements.....	DoE	----- No revenue effect -----					
2. Repeal of temporary reduction in tax on piggyback trailers as "deadwood".....	DoE	----- No revenue effect -----					
3. Delete deep seabed hard minerals excise tax as "deadwood".....	DoE	----- No revenue effect -----					
<b>VIII. Administrative Provisions</b>							
<b>A. General Provisions</b>							
1. Use of reproductions of returns stored in digital image format.....	DoE	----- No revenue effect -----					
2. Repeal of authority to disclose whether prospective juror has been audited.....	DoE	----- No revenue effect -----					
3. Repeal of special audit provisions for subchapter S items.....	tyea DoE	[1]	[1]	[1]	[1]	[1]	-1
4. Clarification of statute of limitations for items from pass-through entities.....	tyba DoE	----- No revenue effect -----					
5. Certain notices disregarded under provision increasing interest rate on large corporate underpayments.....	--	[1]	[1]	[1]	[1]	[1]	-1
<b>B. Tax Court Procedures</b>							
1. Overpayment determinations of Tax Court.....	DoE	----- No revenue effect -----					
2. Awarding of administrative costs and attorneys fees.....	DoE	----- No revenue effect -----					
3. Redetermination of interest pursuant to motion.....	DoE	----- No revenue effect -----					
4. Application of net worth requirement for awards of litigation costs.....	DoE	----- No revenue effect -----					
<b>C. Authority for Certain Cooperative Agreements</b>							
1. Cooperative agreements with State tax authorities.....	DoE	----- No revenue effect -----					
<b>D. Administrative Practice and Procedural Simplification.....</b>							
<b>DoE</b> ----- No revenue effect -----							
<b>TECHNICAL CORRECTIONS PROVISIONS.....</b>							
Technical correction and modification to automobile luxury excise tax indexation....	1/1/94	14	--	--	--	--	14
<b>SUBTOTAL: Tax Simplification and Technical Corrections Provisions.....</b>		<b>-49</b>	<b>-118</b>	<b>-101</b>	<b>-108</b>	<b>-93</b>	<b>-467</b>
<b>REVENUE-RAISING PROVISIONS</b>							
1. Treat certain foreign dividends and subpart F inclusions as UBTI.....	[4]	9	14	23	25	27	98
2. Require taxpayers to include rental value of residence in income without regard to period of rental, with exceptions for community and sporting events.....	tyba 12/31/93	5	21	22	24	25	97

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3. Require thrift institutions to take NOL carryovers into account for calculating bad-debt reserve deductions under percentage of taxable income method.....	tyea 12/31/93	8	14	14	14	14	64
4. Repeal exemption for withholding on gambling winnings from bingo and keno where proceeds exceed \$10,000.....	1/1/94	7	47	49	51	54	208
<b>GRAND TOTALS.....</b>		<b>-20</b>	<b>-22</b>	<b>7</b>	<b>6</b>	<b>27</b>	<b>1</b>

Joint Committee on Taxation  
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NOTE: Details may not add to totals due to rounding.

Legend for "Effective" column: bia = bonds issued after

cc/tyea/E = contracts completed in taxable years ending after date of enactment

DoE = date of enactment

r/a = remuneration after

s/a = sales after

s/ao/a = sales from accounts opened on or after

tyba = taxable years beginning after

tybo/a = taxable years beginning on or after

tyeo/a = taxable years ending on or after

[1] Loss of less than \$500,000.

[2] Gain of less than \$500,000.

[3] Estimate for this provision provided by the Congressional Budget Office.

[4] Effective for distributions generated in taxable years of foreign corporations beginning after December 31, 1993, and for inclusions of income under subpart F in respect of taxable years of foreign corporations beginning after December 31, 1993.