

**COMPARISON OF REVENUE PROVISIONS OF H.R. 3630 AS PASSED BY THE HOUSE
("MIDDLE CLASS TAX RELIEF AND JOB CREATION ACT OF 2011") AND AS AMENDED
BY THE SENATE ("TEMPORARY PAYROLL TAX CUT CONTINUATION ACT OF 2011")**

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INTRODUCTION

On December 13, 2011, the House of Representatives passed H.R. 3630. On December 17, 2011, the Senate passed H.R. 3630 with amendments.

This document,¹ prepared by the staff of the Joint Committee on Taxation, presents a side-by-side comparison of the revenue provisions of H.R. 3630 as passed by the House and H.R. 3630 as amended by the Senate. The description of present law in this document includes the changes made to the law by Public Law No. 112-78, the “Temporary Payroll Tax Cut Continuation Act of 2011,” enacted on December 23, 2011.

¹ This document may be cited as follows: Joint Committee on Taxation, *Comparison of Revenue Provisions of H.R. 3630 as Passed by the House (“Middle Class Tax Relief and Job Creation Act of 2011”) and as Amended by the Senate (“Temporary Payroll Tax Cut Continuation Act of 2011”)* (JCX-2-12), January 11, 2012.

Provision	Present Law	House Bill	Senate Amendment
<p>1. Extension of increase of bonus depreciation from 50 percent to 100 percent (sec. 1201(a) of the House bill and sec. 168(k) of the Code)</p>	<p>An additional first-year depreciation (bonus) deduction is allowed for qualified property placed in service between January 1, 2008 and January 1, 2013 (January 1, 2014 for certain longer-lived and transportation property). Subject to certain acquisition and original use requirements, the property must be: (1) property to which MACRS applies with an applicable recovery period of 20 years or less; (2) water utility property; (3) computer software (unless covered by section 197); or (4) qualified leasehold improvement property.</p> <p>100-percent bonus depreciation is allowed for property placed in service after September 8, 2010 and before January 1, 2012 (January 1, 2013 for certain longer-lived and transportation property). 50-percent bonus depreciation is allowed for the remaining applicable period.</p> <p>For purposes of determining taxable income under percentage-of-completion, the cost of qualified property with a MACRS recovery period of seven years or less which is placed in service after December 31, 2009 and before January 1, 2011 (January 1, 2012 in the case of certain longer-lived and transportation property) is taken into account as a cost allocated to the contract as if bonus depreciation had not been enacted.</p>	<p>The House bill increases the bonus depreciation deduction from 50 percent to 100 percent of the adjusted basis of qualified property placed in service after December 31, 2011, and before January 1, 2013, (before January 1, 2014, for certain longer-lived and transportation property).</p> <p>The provision provides that solely for purposes of determining the percentage of completion under section 460(b)(1)(A), the cost of qualified property with a MACRS recovery period of seven years or less which is placed in service after December 31, 2011 and before January 1, 2013, (before January 1, 2014, for certain longer-lived and transportation property) is taken into account as a cost allocated to the contract as if bonus depreciation had not been enacted.</p> <p><u>Effective date.</u>—Property placed in service after December 31, 2011.</p>	<p>No provision.</p>

Provision	Present Law	House Bill	Senate Amendment
<p>2. Expansion of election to accelerate alternative minimum tax credits in lieu of bonus depreciation (sec. 1201(b) of the House bill and sec. 168(k)(4) of the Code)</p>	<p>A corporation otherwise eligible for additional first-year (bonus) depreciation may elect to claim an additional alternative minimum tax credit (“AMT credit”) in lieu of claiming bonus depreciation for “eligible qualified property” placed in service after December 31, 2010, and before January 1, 2013 (January 1, 2014, in the case of certain longer-lived and transportation property). A corporation making the election forgoes the bonus depreciation deductions (and instead depreciates the property using the straight-line method) and increases the limitation on the use of the AMT credit. The increase in the allowable AMT credit is treated as refundable.</p> <p>The AMT credit limitation is increased by 20 percent of the amount of bonus depreciation for eligible qualified property that could have been claimed, limited to the lesser of: (1) \$30 million, or (2) six percent of the AMT credit (generated before January 1, 2006) reduced by certain bonus depreciation amounts in prior taxable years.</p> <p>This election generally applies to subsequent taxable years.</p>	<p>Under the House bill, the AMT credit limitation is increased by 20 percent of the amount of bonus depreciation for eligible qualified property that could have been claimed, limited to the lesser of: (1) the AMT credit for the taxable year (generated before January 1, 2012), or (2) 50 percent of the AMT credit for the first taxable year ending after December 31, 2011.</p> <p>In the case of a partnership in which more than 50 percent of the capital and profits interests are owned (directly or indirectly) by one corporation (or related corporations), each partner is treated as having an amount equal to that partner's allocable share of the eligible property.</p> <p>A separate election is made for each taxable year.</p> <p><u>Effective date.</u>—Taxable years ending after December 31, 2011.</p> <p>For a taxable year which begins before January 1, 2012, and ends after December 31, 2011, the bonus depreciation amount is the sum of the amounts computed separately based on the limitations applicable to each portion of the taxable year.</p>	<p>No provision.</p>

Provision	Present Law	House Bill	Senate Amendment
<p>3. Extension of payroll tax reduction (sec. 2001 of the House bill and sec. 101 of the Senate amendment)</p>	<p>Federal Insurance Contributions Act (“FICA”) taxes apply to employers and employees and each consists of (1) the old age, survivors, and disability insurance (“OASDI”) taxes at a rate of 6.2 percent of covered wages up to the taxable wage base (\$106,800 for 2011 and \$110,100 for 2012); and (2) the Medicare hospital insurance (“HI”) taxes at a rate of 1.45 percent of all covered wages. For 2011, a reduced OASDI tax rate of 4.2 percent applies to employees.</p> <p>Self-Employment Contributions Act (“SECA”) taxes apply to a self-employed individual's self-employment income and consist of (1) OASDI tax at a rate of 12.4 percent of self-employment income up to the taxable wage base; and (2) HI tax at a rate of 2.9 percent of all self-employment income. A self-employed individual receives an income tax deduction for one-half of SECA taxes paid. For 2011, a reduced OASDI tax rate of 10.4 percent applies to self-employed individuals, with an adjustment to the deduction for one-half of SECA tax to reflect the reduced OASDI rate.</p> <p>Pub. L. No. 112-78: (1) extended the 2011 reduced OASDI tax rate for employees to wages received through February 29, 2012, and applies to employees an additional two-percent tax on wages</p>	<p>The House bill extends the 2011 reduced OASDI tax rates for employees and self-employed individuals, and the adjustment to the deduction for one-half of SECA tax, to apply for all of 2012.</p> <p><u>Effective date.</u>—Remuneration received, and taxable years beginning, after December 31, 2011.</p>	<p>As under Pub. L. No. 112-78, the Senate amendment extends through February 29, 2012 the 2011 reduced OASDI tax rate for employees. The Senate amendment limits the wages eligible for the reduced rate to \$18,350, instead of applying an additional two-percent tax on wages received in excess of \$18,350 during the first two months of 2012.</p> <p>As under Pub. L. No. 112-78, the Senate amendment extends the 2011 reduced OASDI tax rate for self-employed individuals, and the adjustment to the deduction for one-half of SECA tax, through 2012 and limits the self-employment income eligible for the reduced rate to \$18,350.</p> <p><u>Effective date.</u>—Remuneration received, and taxable years beginning, after December 31, 2011.</p>

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	<p>received during that period in excess of \$18,350; and (2) extended the 2011 reduced OASDI tax rate for self-employed individuals, and the adjustment to the deduction for one-half of SECA tax, through 2012, and limits the self-employment income eligible for the reduced rate to \$18,350.</p>		

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<p>4. Adjustment to maximum thresholds for recapturing overpayments resulting from certain Federally-subsidized health insurance (sec. 2221 of the House bill and sec. 36B of the Code)</p>	<p>For taxable years ending after December 31, 2013, a refundable tax credit (the “premium assistance credit”) is available to eligible individuals and families who purchase health insurance through an American Health Benefit Exchange. The premium assistance credit is available for individuals (single and joint filers) with household incomes between 100 and 400 percent of the Federal poverty level (“FPL”) for the family size involved who are not eligible for certain other health insurance.</p> <p>The premium assistance credit is payable in advance directly to the insurer. If the premium assistance credit received through advance payment exceeds the amount of premium assistance credit to which the taxpayer is entitled for the taxable year, the liability for the excess advance payment must be reflected on the taxpayer’s income tax return for the taxable year, subject to a limitation on the amount of such liability (the “applicable dollar amount”). For unmarried individuals who are not surviving spouses or filing as heads of households, the applicable dollar amount is one half of the amount shown below.</p> <ul style="list-style-type: none"> • If household income is less than 200 percent of FPL, then the applicable dollar amount is \$600. 	<p>The House bill, changes the applicable dollar amount, as shown below:</p> <ul style="list-style-type: none"> • If household income is less than 100 percent of FPL, then the applicable dollar amount is \$600 (no change from present law). • If household income is at least 100 percent of FPL but less than 150 percent of FPL, then the applicable dollar amount is \$800. • If household income is at least 150 percent of FPL but less than 200 percent of FPL, then the applicable dollar amount is \$1,000. • If household income is at least 200 percent of FPL but less than 250 percent of FPL, then the applicable dollar amount is \$1,500. • If household income is at least 250 percent of FPL but less than 300 percent of FPL, then the applicable dollar amount is \$2,200. 	<p>No provision.</p>

Provision	Present Law	House Bill	Senate Amendment
	<ul style="list-style-type: none"> • If household income is at least 200 percent of FPL but less than 300 percent of FPL, then the applicable dollar amount is \$1,500. • If household income is at least 300 percent of FPL but less than 400 percent of FPL, then the applicable dollar amount is \$2,500. 	<ul style="list-style-type: none"> • If household income is at least 300 percent of FPL but less than 350 percent of FPL, then the applicable dollar amount is \$2,500. • If household income is at least 350 percent of FPL but less than 400 percent of FPL, then the applicable dollar amount is \$3,200. <p><u>Effective date.</u>—Taxable years ending after December 31, 2013.</p>	

Provision	Present Law	House Bill	Senate Amendment
<p>5. Information for administration of Social Security provisions related to noncovered employment (sec. 5101 of the House bill secs. 6047 and 6103(l) of the Code)</p>	<p>The administrator of an employer-sponsored retirement plan, including a plan maintained by a State or local government, is required to report on Form 1099-R a distribution to a participant or beneficiary.</p> <p>Tax returns and return information (including information returns) received by the IRS are subject to confidentiality protections and cannot be disclosed, including to another Federal agency, unless specifically authorized. Disclosure of certain returns and return information to the Social Security Administration for specific purposes is so authorized.</p>	<p>The House bill amends the reporting requirements applicable to employer-sponsored retirement plans of State and local governments to require the identification of any distribution based in whole or in part on earnings for service in the employ of the State or local government. The bill authorizes disclosure of this information to the Social Security Administration for purposes of its administration of the Social Security Act.</p> <p><u>Effective date.</u>—Distributions and disclosures made after December 31, 2012.</p>	<p>No provision.</p>

Provision	Present Law	House Bill	Senate Amendment
<p>6. Social Security number required to claim the refundable portion of the child tax credit (sec. 5301 of the House bill and sec. 24 of the Code)</p>	<p>An individual may claim a tax credit for each qualifying child under the age of 17. The maximum amount of the credit per child is \$1,000 through 2012 and \$500 thereafter. A child who is not a citizen, national, or resident of the United States cannot be a qualifying child. If the child tax credit exceeds the taxpayer's tax liability, the taxpayer may be eligible for a refundable credit.</p> <p>No credit is allowed to any taxpayer with respect to any qualifying child unless the taxpayer includes the name and the taxpayer identification number of the qualifying child on the return of tax for the taxable year. For individual filers, a taxpayer identification number may be either a Social Security number ("SSN"), an IRS individual taxpayer identification number ("ITIN"), or an IRS adoption taxpayer identification number ("ATIN").</p>	<p>The House bill adds a requirement that the refundable portion of the child tax credit is allowable only if the tax return includes the taxpayer's SSN (or in the case of a joint return, the SSN of either spouse).</p> <p><u>Effective date.</u>—Taxable years beginning after the date of enactment.</p>	<p>No provision.</p>

Provision	Present Law	House Bill	Senate Amendment
<p>7. Excise tax on unemployment compensation benefits of high-income individuals (sec. 5301 of the House bill and new sec. 5895 of the Code)</p>	<p>Gross income includes any unemployment compensation benefits received under the laws of the United States or any State, and is taxed at the applicable individual income tax rate.</p> <p>No excise tax applies with respect to unemployment compensation benefits received by high-income individuals.</p>	<p>The House bill imposes an excise tax equal to 100 percent on unemployment compensation benefits received by individuals with adjusted gross income above certain thresholds. The adjusted gross income threshold for this excise tax is \$750,000 (\$1,500,000 for married individuals filing joint returns). The excise tax is applied ratably over a \$250,000 range (\$500,000 for married individuals filing joint returns). Therefore such unemployment compensation benefits are taxed at a 100 percent rate for individuals with \$1,000,000 or more of adjusted gross income (\$2,000,000 or more of adjusted gross income for married individuals filing joint returns). This excise tax is nondeductible.</p> <p><u>Effective date.</u>—Taxable years beginning after December 31, 2011.</p>	<p>No provision.</p>

Provision	Present Law	House Bill	Senate Amendment
<p>8. Repeal of certain shifts in the timing of corporate estimated tax payments (sec. 6001 of the House bill)</p>	<p>In general, corporations are required to make quarterly estimated tax payments of their income tax liability. For a corporation whose taxable year is a calendar year, these estimated payments must be made by April 15, June 15, September 15, and December 15. In the case of a corporation with assets of at least \$1 billion (determined as of the end of the preceding taxable year):</p> <ul style="list-style-type: none"> • payments due in July, August or September, 2012, are increased to 100.50 percent of the payment otherwise due; • payments due in July, August, or September, 2014, are increased to 174.25 percent of the payment otherwise due; • payments due in July, August or September, 2015, are increased to 163.75 percent of the payment otherwise due; • payments due in July, August, or September 2016 are increased to 103.50 percent of the payment otherwise due; and • payments due in July, August or September, 2019, are increased to 106.50 percent of the payment otherwise due. 	<p>The House bill reduces the percentages for 2012 (100.5 percent), 2014 (174.25 percent), 2015 (163.75 percent), 2016 (103.5 percent), and 2019 (106.5 percent) to 100 percent. Thus corporations will make estimated tax payments in 2012, 2014, 2015, 2016, and 2019 as if the prior legislation had never been enacted or amended.</p>	<p>No provision.</p>