

ESTIMATED REVENUE EFFECTS OF A CHAIRMAN'S AMENDMENT IN THE NATURE OF A SUBSTITUTE TO  
 THE "JOBS AND GROWTH TAX ACT OF 2003,"  
 SCHEDULED FOR MARKUP BY THE COMMITTEE ON FINANCE ON MAY 8, 2003

Fiscal Years 2003 - 2013

[Millions of Dollars]

Provision	Effective	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2003-08	2003-13
<b>Acceleration of Certain Previously Enacted Tax Reductions and Increased Expensing for Small Businesses</b>														
1. Accelerate the expansion of the 10% bracket .....	tyba 12/31/02	-1,549	-8,445	-6,596	-6,909	-7,385	-4,973	-3,931	-3,859	-1,145	---	---	-35,857	-44,792
2. Accelerate the 2006 rate schedule .....	tyba 12/31/02	-9,531	-38,809	-19,811	-5,864	---	---	---	---	---	---	---	-74,015	-74,015
3. Accelerate the expansion of the 15% individual income tax rate bracket and the increase in the standard deduction for married taxpayers filing joint returns .....	tyba 12/31/02	-4,936	-24,904	-11,045	-5,577	-3,041	-1,519	-335	---	---	---	---	-51,022	-51,357
4. Accelerate child credit increase to \$1,000 .....	tyba 12/31/02	-13,711	-5,820	-15,468	-12,525	-12,372	-12,267	-11,314	-6,336	---	---	---	-72,163	-89,813
5. Increase section 179 expensing - increase the amount that can be expensed from \$25,000 to \$75,000 and increase the phaseout threshold amount from \$200,000 to \$325,000; include software in section 179 property; and index both the deduction limit and the phaseout threshold after 2003 (sunset after 2012) .....	tyba 12/31/02	-1,399	-2,658	-3,056	-3,466	-3,090	-2,782	-2,593	-2,490	-2,429	-2,392	2,961	-16,451	-23,393
6. Increase individual AMT exemption amount by \$6,000 single and \$12,000 joint for 2003 and 2004, maintain level for 2005 .....	tyba 12/31/02	-1,393	-12,231	-18,682	-16,962	---	---	---	---	---	---	---	-49,268	-49,268
<b>Total of Acceleration of Certain Previously Enacted Tax Reductions and Increased Expensing for Small Businesses .....</b>		<b>-32,519</b>	<b>-92,867</b>	<b>-74,658</b>	<b>-51,303</b>	<b>-25,888</b>	<b>-21,541</b>	<b>-18,173</b>	<b>-12,685</b>	<b>-3,574</b>	<b>-2,392</b>	<b>2,961</b>	<b>-298,776</b>	<b>-332,638</b>
<b>Exclude qualified dividends from taxable income phased-in as follows: 100 percent of the first \$500 per return and 10 percent from 2004 through 2007, 20 percent in 2008 through 2012 for amounts exceeding \$500 (sunset on 12/31/12) [1] .....</b>														
	dri tyba 12/31/03	---	-2,034	-4,382	-5,289	-5,665	-6,950	-10,294	-10,981	-11,985	-13,097	-9,830	-24,320	-80,507
<b>Revenue Offset Provisions</b>														
A. Provisions to Curtail Tax Shelters Previously Approved by the Committee on Finance														
1. Clarification of the economic substance doctrine and related penalty provisions .....	ta DOE	347	997	1,234	1,157	1,042	1,079	1,193	1,328	1,510	1,722	1,963	5,856	13,572
2. Provisions relating to reportable transactions and tax shelters .....	various dates after DOE [2]	35	92	115	119	120	124	131	139	150	164	179	604	1,366
3. Modification to the substantial understatement penalty .....	tyba DOE	---	---	4	11	19	23	26	30	34	38	38	57	223

Provision	Effective	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2003-08	2003-13	
4. Actions to enjoin conduct with respect to tax shelters .....	DOE	----- Negligible Revenue Effect -----													
5. Understatement of taxpayer's liability by income tax return preparer .....	dpa DOE	----- Negligible Revenue Effect -----													
6. Impose a civil penalty (of up to \$5,000) on failure to report interest in foreign financial accounts .....	DOE	[3]	[3]	[3]	[3]	[3]	[3]	[3]	[3]	[3]	[3]	[3]	1	3	
7. Frivolous tax submissions .....	[4]	1	3	3	3	3	3	3	3	3	3	3	16	31	
8. Amend Code section 6501 to provide for 6-year statute of limitations for undisclosed listed transactions .....	tyba DOE	---	---	---	1	1	1	1	1	1	1	1	3	8	
9. Amend Code section 163 to disallow a deduction for deficiency interest paid to the IRS on underpayments involving tax motivated transactions .....	tyba DOE	---	---	---	1	1	3	4	4	4	4	4	5	25	
<b>B. Enron-Related Tax Shelter Provisions</b>															
1. Limitation on transfer or importation of built-in losses.....	ta 2/13/03	19	112	123	136	149	164	180	198	218	240	264	703	1,803	
2. No reduction of basis under section 734 in stock held by partnership in corporate partner.....	da 2/13/03	2	7	13	20	28	36	44	51	54	56	57	105	368	
3. Repeal of special rules for FASITs.....	after 2/13/03	----- Negligible Revenue Effect -----													
4. Expanded disallowance of deduction for interest on convertible debt.....	diia 2/13/03	5	87	89	91	94	96	98	101	103	106	109	462	979	
5. Expanded authority to disallow tax benefits under section 269.....	after 2/13/03	2	8	9	9	10	10	11	11	12	12	13	48	108	
6. Modifications of certain rules relating to controlled foreign corporations.....	[5]	5	20	15	8	4	5	6	8	10	12	15	57	108	
<b>C. Other Provisions Previously Approved by the Committee on Finance</b>															
1. Affirmation of consolidated return regulation authority .....	[6]	----- Negligible Revenue Effect -----													
2. Require CEO signatures on income tax returns .....	rfa DOE	----- Negligible Revenue Effect -----													
3. Impose mark-to-market on individuals who expatriate .....	[7]	3	98	84	80	74	71	67	61	57	54	51	410	700	
4. Extension of IRS User Fees (through 9/30/13) [8] .....	rma DOE	---	33	34	35	36	38	39	41	42	44	45	176	386	
5. Provisions to Discourage Corporate Expatriation:															
a. Tax treatment of inversion transactions .....	[9]	34	159	117	140	168	202	242	290	348	418	493	820	2,611	
b. Excise tax on stock compensation of insiders in inverted corporations .....	generally 7/11/02	21	14	10	10	10	10	10	10	10	10	10	75	125	
c. Reinsurance agreements .....	rra 4/11/02	[3]	[3]	[3]	[3]	[3]	[3]	[3]	[3]	[3]	[3]	[3]	2	5	
6. Add Hepatitis A to the list of taxable vaccines .....	[10]	3	8	9	9	9	9	9	9	9	9	9	45	91	
<b>D. Other Revenue Raising Provisions</b>															
1. Disallowance of partnership loss transfers .....	DOE	2	18	39	57	70	79	84	86	89	91	94	266	710	
2. Treatment of stripped interest in bond and preferred stock funds .....	pada DOE	1	11	8	3	[3]	[3]	[3]	[3]	[3]	[3]	[3]	24	25	
3. Reporting of taxable mergers and acquisitions .....	aa DOE	[3]	1	2	3	3	3	3	3	3	3	3	12	27	
4. Deferred compensation reforms.....	tyba 12/31/03	---	192	229	114	36	20	18	17	101	129	115	591	971	
5. Minimum holding period for foreign tax credit on withholding tax on income other than dividends.....	apoamt30da DOE	[3]	1	3	3	3	3	3	4	4	4	4	13	32	
6. Permit private sector debt collection companies to collect tax debts .....	DOE	---	---	70	129	131	116	106	106	106	106	106	445	973	
7. Repeal exclusion under section 911.....	1/1/05	---	---	714	3,076	3,192	3,361	3,592	3,887	4,257	4,721	5,297	10,343	32,097	

Provision	Effective	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2003-08	2003-13
8. Reform of 501(c)(15) to apply to organizations with gross receipts of \$600,000 and premiums at least 50% of gross receipts.....	tyba 12/31/03	---	48	105	118	124	129	134	139	145	151	157	523	1,249
9. Authorize IRS to enter into installment agreements that provide for partial payment, require 2-year review .....	iaeio/a DOE	8	40	14	5	[3]	[3]	[3]	[3]	[3]	[3]	[3]	61	63
10. Deductibility of fines and penalties.....	apoia 4/27/03	24	76	10	10	10	10	10	10	10	10	10	141	191
11. Deposits to stop the running of interest on potential underpayments .....	dma DOE	13	144	-5	-6	-6	-6	-6	-7	-7	-7	-7	134	101
12. Require estimated taxes to be paid based upon a deemed asset sale if there is an agreement to make a section 338(h)(10) election .....	toa DOE	39	56	13	3	3	3	4	4	4	4	5	117	138
13. Limit donor deductions for a contribution of a patent or similar intellectual property to an organization described in section 170(c) to the donor's basis.....	dofca	96	271	356	366	377	389	400	412	425	438	451	1,855	3,981
<b>Total of Revenue Offset Provisions .....</b>		<b>660</b>	<b>2,496</b>	<b>3,417</b>	<b>5,711</b>	<b>5,711</b>	<b>5,981</b>	<b>6,412</b>	<b>6,946</b>	<b>7,702</b>	<b>8,543</b>	<b>9,489</b>	<b>23,970</b>	<b>63,070</b>
<b>State Aid Trust Fund [11] .....</b>	<b>---</b>	<b>-14,000</b>	<b>-6,000</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>-20,000</b>	<b>-20,000</b>
<b>Customs User Fees Extension</b>														
1. Extend passenger and conveyance processing fee through 12/31/13 [12] .....	DOE	---	229	314	329	346	363	381	400	420	441	464	1,581	3,687
2. Extend merchandise processing fee through 12/31/13 [12] .....	DOE	---	1,089	1,151	1,216	1,286	1,359	1,436	1,518	1,605	1,696	1,793	6,101	14,149
<b>Total of Customs User Fees Extension .....</b>		<b>---</b>	<b>1,318</b>	<b>1,465</b>	<b>1,545</b>	<b>1,632</b>	<b>1,722</b>	<b>1,817</b>	<b>1,918</b>	<b>2,025</b>	<b>2,137</b>	<b>2,257</b>	<b>7,682</b>	<b>17,836</b>
<b>SSI Reform [11] .....</b>	<b>---</b>	<b>---</b>	<b>6</b>	<b>24</b>	<b>51</b>	<b>81</b>	<b>115</b>	<b>150</b>	<b>186</b>	<b>227</b>	<b>256</b>	<b>303</b>	<b>277</b>	<b>1,399</b>
<b>SCHIP Provision [11] .....</b>	<b>---</b>	<b>---</b>	<b>35</b>	<b>45</b>	<b>60</b>	<b>75</b>	<b>85</b>	<b>95</b>	<b>95</b>	<b>105</b>	<b>100</b>	<b>105</b>	<b>300</b>	<b>800</b>
<b>NET TOTAL [13] [14] .....</b>		<b>-45,859</b>	<b>-97,046</b>	<b>-74,089</b>	<b>-49,225</b>	<b>-24,054</b>	<b>-20,588</b>	<b>-19,993</b>	<b>-14,521</b>	<b>-5,500</b>	<b>-4,453</b>	<b>5,285</b>	<b>-310,867</b>	<b>-350,040</b>

Joint Committee on Taxation

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

Legend for "Effective" column:

aa = acquisitions after  
 apoamt30da = amounts paid or accrued more than 30 days after  
 apoia = amounts paid or incurred after  
 da = distributions after  
 diia = debt instrument issued after  
 DOE = date of enactment  
 dofca = date of first committee action

dma = distributions made after  
 dpa = documents prepared after  
 dri = dividends received in  
 iaeio/a = installment agreements entered into on or after  
 o/a = on or after  
 pada = purchases and dispositions after

rfa = returns filed after  
 rma = requests made after  
 rra = risk reinsured after  
 ta = transactions after  
 toa = transactions occurring after  
 tyba = taxable years beginning after

**Footnotes for JCX-45-03:**

- [1] These estimates assume that any dividend from a foreign corporation or any dividend described in Internal Revenue Code section 404(k) would be taxed at ordinary rates. RIC and REIT shareholders receive tax relief to the extent that dividends paid by the RIC or REIT are qualified dividends received by the RIC or REIT. Also, we have assumed that the proposal would exclude qualified dividends from investment income for the purpose of Internal Revenue Code Section 163(d). We have assumed that certain anti-abuse rules, including the imposition of a 45-day holding period, would be adopted. The amount of the exclusion would be included in adjusted gross income.
- [2] Effective dates for provisions relating to reportable transactions and tax shelters: the penalty for failure to disclose reportable transactions is effective for returns and statements the due date of which is after the date of enactment; the modification to the accuracy-related penalty for listed or reportable transactions is effective for taxable years ending after the date of enactment; the tax shelter exception to confidentiality privileges is effective for communications made on or after the date of enactment; the material advisor and investor list disclosure provisions applies to transactions with respect to which material aid, assistance or advice is provided after the date of enactment; the failure to register tax shelter penalty applies to returns the due date for which is after the date of enactment; the investor list penalty applies to requests made after the date of enactment; and the penalty on promoters of tax shelters is effective for activities after the date of enactment.
- [3] Gain of less than \$1 million.
- [4] Effective for submissions made and issues raised after the first list is prescribed under section 6702(c).
- [5] Effective for taxable years of controlled foreign corporation beginning after February 13, 2003, and to taxable years of U.S. shareholders in which or with which such taxable years of controlled corporation end.
- [6] Effective for all taxable years, whether beginning before, with, or after the date of enactment.
- [7] Generally effective for U.S. citizens who expatriate or long-term residents who terminate their residency on or after February 5, 2003.
- [8] Estimate provided by the Congressional Budget Office.
- [9] Effective for certain transactions completed after March 20, 2002, and would also affect certain taxpayers who completed transactions before March 21, 2002.
- [10] Effective for vaccines sold beginning on the first day of the first month beginning more than four weeks after the date of enactment.
- [11] Estimate provided by the Congressional Budget Office.
- [12] Estimate provided by the Congressional Budget Office. Amounts shown represent offsetting receipts.

[13] Includes the following outlay effects .....	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2003-08</u>	<u>2003-13</u>
	4,381	1,110	4,595	4,175	3,842	3,707	3,520	2,200	124	2	1	21,810	27,657
[14] Returns with AMT liability (millions):	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>		
Present law .....	2.2	3.7	9.7	14.9	19.2	23.8	26.8	30.0	14.2	17.3	20.3		
Change due to proposal .....	-0.3	-1.4	-6.7	3.6	2.2	0.6	0.5	0.5	---	---	---		