Temporary Extension of Certain Tax Cuts Enacted in 2001 and 2003

A. Temporary Extension of 2001 Tax Relief
   1. Individual income tax rate relief:
      a. Retain 10% income tax bracket (sunset 12/31/13)
         
      b. Retain the 25% and the 28% income tax brackets
         (sunset 12/31/13)
         
      c. Retain the 33% and the 35% income tax brackets
         (sunset 12/31/13)
         
      d. Repeal overall limitation on itemized deduction and the
         personal exemption phaseout (sunset 12/31/13)
         
   2. Retain the child tax credit at $1,000; refundable up to
      greater of 15% of earned income in excess of $10,000
      (indexed from 2001) or the taxpayer's social security tax
      liability to the extent that it exceeds the taxpayer's earned
      income credit; allow credit against the AMT; repeal AMT
      offset of refundable credits (sunset 12/31/13)
   3. Marriage penalty relief:
      a. Standard deduction and 15% rate bracket set at
         2 times single for married filing jointly (sunset
         12/31/13)
      
      b. EIC modification and simplification - increase
         in joint returns beginning and ending income level
         for phaseout by $3,000 indexed after 2008; simplify
         definition of earned income; use AGI instead of
         modified AGI; simplify definition of qualifying
         child and tie-breaker rules; and allow math error
         procedure with Federal Case registry data
         beginning in 2004 (sunset 12/31/13)
4. Education Tax Relief:
   a. Coverdell Education Savings Accounts ("ESAs") - increase the annual contribution limit to $2,000; allow ESA contributions for special needs beneficiaries above the age of 18; allow corporations and other entities to contribute to ESAs; allow contributions until April 15 of the following year; allow a taxpayer to exclude ESA distributions from gross income and claim the HOPE or Lifetime Learning credits as long as they are not used for the same expenses; repeal excise tax on contributions made to ESA when contribution made by anyone on behalf of same beneficiary to QTP; modify phaseout range for married taxpayers; allow tax-free expenditures for elementary and secondary school expenses; expand the definition of qualified expenses to include certain computers and related items (sunset 12/31/13).  
   
   b. Employer provided educational assistance - extend the exclusion for undergraduate courses and graduate level courses (sunset 12/31/13).  
   
   c. Student loan interest deduction - eliminate the 60-month rule and the disallowance for voluntary payments; increase phaseout ranges to $50,000-$65,000 single/ $100,000-$130,000 joint, indexed for inflation (sunset 12/31/13).  
   
   d. Eliminate the tax on awards under the National Health Service Corps Scholarship program and F. Edward Hebert Armed Forces Health Professions Scholarship and Financial Assistance Program (sunset 12/31/13).  
   
   e. Increase arbitrage rebate exception for governmental bonds used to finance qualified school construction from $10 million to $15 million (sunset 12/31/13).  
   
   f. Issuance of tax-exempt private activity bonds for qualified education facilities with annual State volume caps the greater of $10 per resident or $5 million (sunset 12/31/13).  

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<td>6. Adoption credit - increase the expense limit and the exclusion to $10,000 for both non-special needs and special needs adoptions, make the credit independent of expenses for special needs adoptions, extend the credit and the exclusion, increase the phase-out start point to $150,000, index for inflation the expenses limit and the phase-out start point for both the credit and the exclusion, and allow the credit to apply to the AMT (sunset 12/31/13) [1]..........................</td>
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<td>7. Employer-provided child care credit of 25% for childcare expenditures and 10% for child care resource (sunset 12/31/13).................................................................</td>
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<td>8. Allow electing Alaska Native Settlement Trusts to tax income to the Trust not the beneficiaries (sunset 12/31/13)...............</td>
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<td>B. Temporary Extension of 2003 Tax Relief</td>
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<td>Section 179 Expensing Amounts and Threshold Limits ($127,000/$510,000) (sunset 12/31/13).........................</td>
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<td>222</td>
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<td>Increase AMT Exemption Amount to $50,600 ($78,750) in 2012 and $51,150 ($79,850) in 2013 and Allow Personal Credits Against AMT (sunset 12/31/13)..........................</td>
<td>tyba 12/31/11</td>
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<td>-78,444</td>
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<td>NET TOTAL ..........................................................</td>
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</table>

Joint Committee on Taxation

NOTE: Details may not add to totals due to rounding. The date of enactment is assumed to be October 1, 2012. Revenue provisions as submitted in statutory draft Camp_059.
Legend and Footnotes for JCX-64-12:

Legend for "Effective" column:
- bia = bonds issued after
cba = courses beginning after
gma = gifts made after
tyba = taxable years beginning after

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[1] Estimate includes the following outlay effects:
- Retain 10% bracket………………………………………………………………… 1,682 1,682
- Retain the child tax credit at $1,000; refundable; AMT rules……………………15,048 15,048
- Marriage penalty - standard deduction and 15% rate…………………………159 159
- EIC modification and simplification ($3,000)……………………………………2,541 2,541
- Dependent care tax credit…………………………………………………………43 43
- Adoption credit……………………………………………………………………88 88

[2] Loss of less than $500,000.

[3] Estimates includes the following budget effects:
- Total Revenue Effects………………………………………………………… -1,148 -1,149
- On-budget effects……………………………………………………………… -766 -766
- Off-budget effects……………………………………………………………… -383 -383