

ESTIMATED REVENUE EFFECTS OF H.R. 4297 [1],  
THE "TAX RELIEF ACT OF 2005,"  
AS AMENDED BY THE SENATE ON FEBRUARY 2, 2006

Fiscal Years 2006 - 2015

[Millions of Dollars]

Provision	Effective	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2006-10	2006-15
<b>I. Extension of Expiring Provisions</b>													
1. 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 12/31/09).....	tyba 12/31/07	---	---	-2,605	-4,459	-209	2,707	1,772	1,222	826	476	-7,274	-271
2. Credit for elective deferrals and IRA contributions (sunset 12/31/09).....	tyba 12/31/06	---	-481	-1,428	-1,318	-842	-15	-16	-15	-15	-15	-4,068	-4,144
3. Deduction for qualified tuition and related expenses (sunset 12/31/09).....	pmi tyba 12/31/05	-336	-1,707	-1,831	-1,916	-1,604	---	---	---	---	---	-7,394	-7,394
4. Extend and modify the new markets tax credit (sunset 12/31/08).....	tyba 12/31/07 & DOE	---	---	-108	-168	-170	-192	-205	-202	-202	-77	-445	-1,322
5. Deduction of State and local general sales taxes (sunset 12/31/07) [2].....	tyba 12/31/05	-665	-2,608	-1,947	-310	---	---	---	---	---	---	-5,530	-5,530
6. Increase individual AMT exemption amount for 2006 to \$42,500 (\$62,550 joint) (sunset 12/31/06).....	tyba 12/31/05	-6,209	-24,838	---	---	---	---	---	---	---	---	-31,047	-31,047
7. Treatment of nonrefundable personal credits under the individual alternative minimum tax (sunset 12/31/07) [3].....	tyba 12/31/05	-573	-2,936	-2,580	---	---	---	---	---	---	---	-6,089	-6,089
8. Extend and modify the research credit (sunset 12/31/07).....	tyba 12/31/05 & tyea 12/31/05	-2,847	-6,744	-4,880	-2,664	-1,901	-974	-202	---	---	---	-19,036	-20,212
9. Combine and expand work opportunity tax credit and welfare-to-work tax credit (sunset 12/31/07).....	wpoifibwa 12/31/05	-154	-412	-387	-186	-91	-52	-22	-4	[4]	---	-1,230	-1,309
10. Extension and modification of qualified zone academy bonds (sunset 12/31/07).....	bia 12/31/05	-2	-8	-19	-31	-36	-37	-37	-37	-37	-37	-96	-281
11. Extension of enhanced deduction for qualified computer contributions (sunset for taxable years beginning after 12/31/07).....	cmd tyba 12/31/05	-66	-132	-62	---	---	---	---	---	---	---	-260	-260
12. Above-the-line deduction for teacher classroom expenses capped at \$250 annually (sunset 12/31/07).....	epoii tyba 12/31/05	-40	-200	-164	---	---	---	---	---	---	---	-404	-404
13. Extend and expand to petroleum products the expensing of "Brownfields" environmental remediation costs (sunset 12/31/07).....	epoia 12/31/05	-197	-377	-124	45	52	53	47	42	36	31	-600	-390
14. Tax incentives for investment in the District of Columbia (sunset 12/31/06).....	tyba 12/31/05	-43	-26	-3	-2	-5	-13	-47	-23	-21	-23	-79	-207
15. Indian employment tax credit (sunset 12/31/07).....	tyba12/31/05	-18	-53	-40	-11	-1	---	---	---	---	---	-123	-123
16. Accelerated depreciation for business property on Indian reservation (sunset 12/31/07).....	ppisa 12/31/05	-160	-441	-386	-82	99	197	218	151	59	-4	-970	-350
17. 15-year recovery of certain leasehold improvements and restaurant improvements (sunset 12/31/07).....	ppisa 12/31/05	-69	-270	-463	-519	-508	-484	-456	-453	-457	-444	-1,828	-4,121

Provision	Effective	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2006-10	2006-15
18. Extension of full credit for qualified electric vehicles (sunset 12/31/07).....	tyba 12/31/05	-3	-5	-1	[4]	[4]	[4]	[4]	[4]	[4]	---	-9	-8
<b>Total of Extension of Expiring Provisions .....</b>		<b>-11,382</b>	<b>-41,238</b>	<b>-17,028</b>	<b>-11,621</b>	<b>-5,216</b>	<b>1,190</b>	<b>1,052</b>	<b>681</b>	<b>189</b>	<b>-93</b>	<b>-86,482</b>	<b>-83,462</b>
<b>II. Provisions Relating to Charitable Donations</b>													
<b>A. Charitable Giving Incentives</b>													
1. Provide charitable contribution deduction for nonitemizers with cash contributions in excess of \$210 (\$420 joint); disallow charitable contributions by itemizers which are less than or equal to \$210 (\$420 joint).....	cmi tyba 12/31/05 & tybb 1/1/08	-14	-44	56	---	---	---	---	---	---	---	-2	-2
2. Tax-free distributions from IRAs for charitable purposes - taxpayer must have attained age 70-1/2 for contributions made directly to a charitable organization and age 59-1/2 for contributions to a split-interest entity; modify return requirements for certain trusts .....	tyba 12/31/05 & tybb 1/1/08	-107	-212	-121	-39	-47	-64	-78	-79	-83	-84	-526	-914
3. Extend present-law section 170(e)(3) deduction for food inventory to all businesses and provide special basis rule for certain taxpayers; modify the enhanced deduction for charitable contributions of donations of food inventory to equal the lesser of the item's fair market value or twice basis.....	cmi tyba 12/31/05 & tybb 1/1/08	-71	-180	-93	-25	---	---	---	---	---	---	-369	-369
4. Adjustment to basis of S corporation stock for certain charitable contributions.....	cmi tyba 12/31/05 & tybb 1/1/08	-15	-35	-22	-4	-5	-5	-5	-5	-5	-5	-81	-106
5. Enhanced charitable deduction for contributions of book inventory with special fair market value rule.....	cmi tyba 12/31/05 & tybb 1/1/08	-7	-20	-10	-2	---	---	---	---	---	---	-39	-39
6. Modify tax treatment of certain payments to controlling exempt organizations and require disclosure and certification relating to UBIT.....	[5]	-59	-20	-21	-23	-25	-15	-1	[6]	1	1	-148	-163
7. Encourage contributions of capital gain real property made for conservation purposes.....	cmi tyba 12/31/05 & tybb 1/1/08	-11	-36	-18	-4	---	---	---	---	---	---	-69	-69
8. Enhanced deduction for certain charitable contributions of self-created literary, musical, artistic, and scholarly compositions (sunset 12/31/07).....	cma 12/31/05	-5	-21	-18	---	---	---	---	---	---	---	-44	-44
9. Certain mileage reimbursements to charitable volunteers excluded from gross income .....	tyba 12/31/05 & before 1/1/08	[4]	[4]	[4]	---	---	---	---	---	---	---	-1	-1
10. Alternative percentage limitation for corporate charitable contributions to the mathematics and science partnership program (sunset 12/31/06) .....	cmi tyba 12/31/05	-1	[4]	---	---	---	---	---	---	---	---	-1	-1
<b>B. Reforming Charitable Organizations</b>													
1. Tax involvement by exempt organizations in tax shelter transactions.....	[7]	13	20	28	32	36	41	47	54	61	66	130	400
2. Apply an excise tax on certain acquisitions of interest in insurance contracts in which certain exempt organizations hold an interest.....	cia 5/3/05	3	7	12	17	22	28	34	40	47	54	61	264
3. Increase the amount of penalty excise taxes imposed on public charities, social welfare organizations, and private foundations.....	tyba DOE generally	2	4	4	4	4	4	4	4	5	5	18	40
4. Limitations of charitable donations of easements on buildings located in registered historic districts.....	cma 11/15/05	1	4	5	7	8	8	8	8	9	9	25	67
5. Modifications of rules regarding donation of taxidermy and exempt use property.....	cma 11/15/05 & cma 6/1/06	[6]	2	5	5	5	5	5	5	5	6	18	43

Provision	Effective	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2006-10	2006-15
6. Limit charitable contributions of clothing and household items and increased substantiation required for charitable contributions (receipts for all cash gifts).....	cma 12/31/06 & cmi tyba DOE	3	62	85	78	52	52	52	52	53	54	280	543
7. Modification of rules regarding donations of fractional interests in tangible personal property.....	cbagma DOE	1	8	8	8	8	8	9	9	9	9	33	76
8. Provisions relating to substantial and gross overstatements of valuations of charitable deduction property:													
a. Substantial and gross overstatements of valuations of charitable deduction property [8].....	rfa DOE	[6]	1	1	1	1	1	1	1	2	2	4	11
b. Penalty on appraisers whose appraisals result in substantial or gross valuation misstatements; definition of qualified appraisers and appraisals [8].....	rfa DOE	[6]	[6]	[6]	[6]	[6]	[6]	[6]	[6]	[6]	[6]	1	3
9. Establish additional exemption standards for credit counseling organizations.....	[9]	1	3	4	6	7	8	9	10	11	11	21	70
10. Expand the base of the tax on private foundation net investment income.....	tyba DOE	12	17	18	19	19	20	21	21	22	23	85	192
11. Definition of convention or association of churches.....	DOE	----- Negligible Revenue Effect -----											
12. Notification requirement for exempt entities not currently required to file .....	fapba 12/31/05	----- Negligible Revenue Effect -----											
13. Disclosure to State officials of certain tax information related to certain section 501(c) organizations.....	DOE	----- Negligible Revenue Effect -----											
14. Define donor advised fund and, in general, provide rules relating to payouts and certain prohibited transactions [10].....	generally tyba DOE	1	2	2	2	2	2	2	2	2	2	9	20
15. Provide for prohibited transactions and additional reporting by all supporting organizations and modify payout, limit business holdings, and improve accountability of Type III supporting organizations [11].....	generally DOE	3	5	5	6	6	7	7	8	8	8	26	65
<b>Total of Provisions Relating to Charitable Donations .....</b>		<b>-250</b>	<b>-433</b>	<b>-70</b>	<b>88</b>	<b>93</b>	<b>100</b>	<b>115</b>	<b>130</b>	<b>147</b>	<b>161</b>	<b>-569</b>	<b>86</b>
<b>III. Miscellaneous Provisions</b>													
1. Restructure New York Liberty Zone tax incentives.....	DOE	177	-85	-127	-69	-193	-37	-34	-29	-23	-20	-297	-440
2. Modification to S corporation passive investment income rules .....	tyba 12/31/06 & tybb 10/1/09	-9	-74	-138	-130	-59	---	---	---	---	---	-411	-411
3. Modification to small issue bonds - accelerate effective date for increase in capital expenditure limit.....	bia 12/31/06	---	-2	-9	-15	-18	-18	-18	-18	-18	-18	-44	-136
4. Establish deduction for private mortgage insurance (sunset 12/31/07).....	cia 12/31/06	---	-14	-77	---	---	---	---	---	---	---	-91	-91
5. Modification of certain arbitrage rules for certain funds (include 30% State limitation) (sunset 8/31/09).....	bia DOE	[4]	[4]	-1	-3	-2	-2	[4]	---	---	---	-7	-9
6. Provide exclusion from nonqualified deferred compensation rules for certain foreign stock option plans .....	[12]	-2	-4	-7	-10	-13	-15	-14	-12	-10	-6	-33	-90
7. Modification of treatment of loans to qualified continuing care facilities .....	lma 12/31/05	[4]	[4]	[4]	-1	-1	[4]	---	---	---	---	-2	-2
8. Exclusion of gain from sale of a principal residence by certain employees of the intelligence community.....	soea DOE	[4]	[4]	[4]	[4]	[4]	[4]	---	---	---	---	-1	-1
9. Partial expensing for advanced mine safety equipment (sunset 3 years after date of enactment).....	cpoia DOE	-6	-8	-6	2	4	3	3	3	2	1	-14	-1

Provision	Effective	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2006-10	2006-15
10. Mine rescue team training credit (sunset 12/31/08).....	tyba 12/31/05	[4]	[4]	-1	-1	-1	-1	-1	-1	-1	-1	-3	-8
<b>Total of Miscellaneous Provisions .....</b>		<b>160</b>	<b>-187</b>	<b>-366</b>	<b>-227</b>	<b>-283</b>	<b>-70</b>	<b>-64</b>	<b>-57</b>	<b>-50</b>	<b>-44</b>	<b>-903</b>	<b>-1,189</b>
<b>IV. Revenue Offset Provisions</b>													
<b>A. Provisions Designed to Curtail Tax Shelters</b>													
1. Understatement of taxpayer's liability by income tax return preparer .....	dpa DOE	----- <i>Negligible Revenue Effect</i> -----											
2. Frivolous tax submissions .....	[13]	3	3	3	3	3	3	3	3	3	3	15	30
3. Penalty for promoting abusive tax shelters.....	aoa DOE	----- <i>Negligible Revenue Effect</i> -----											
4. Penalty for aiding and abetting the understatement of tax liability.....	aoa DOE	----- <i>Negligible Revenue Effect</i> -----											
<b>B. Economic Substance Doctrine</b>													
1. Clarification of the economic substance doctrine and related penalty provisions.....	teia DOE	391	805	1,127	1,270	1,427	1,631	1,877	2,154	2,445	2,643	5,019	15,768
2. Deny deduction for interest paid to the IRS on underpayments involving certain tax motivated transactions.....	teia DOE	--	1	1	3	4	4	4	4	4	4	9	29
<b>C. Improvements in Efficiency and Safeguards in Internal Revenue Service Collection</b>													
1. Waiver of user fee for installment agreements using automated withdrawals.....	aeio/a 180da DOE	-2	-3	-3	-3	-3	-4	-4	-4	-4	-5	-14	-35
2. Termination of installment agreements.....	foo/a DOE	----- <i>Negligible Revenue Effect</i> -----											
3. Require partial payments with submissions of offers-in-compromise (permanent 24-month rule).....	osoaa 60da DOE	64	156	168	181	194	209	224	241	259	279	763	1,975
<b>D. Penalties and Fines</b>													
1. Increase in certain criminal penalties.....	aaftaoa DOE	[14]	[14]	[14]	[14]	[14]	[14]	[14]	[14]	[14]	[14]	1	5
2. Double certain penalties, fines, and interest on underpayments related to certain offshore financial arrangements .....	oyo/a DOE	1	1	[14]	[14]	[14]	[14]	[14]	[14]	[14]	[14]	5	6
3. Denial of deduction for certain fines, penalties, and other amounts.....	apoi/a DOE	31	59	28	12	12	12	12	12	12	12	141	200
4. Deny deduction for punitive damages.....	dpoi/a DOE	20	31	32	33	34	35	36	37	38	39	149	333
5. Increase in penalty for bad checks and money orders.....	comora DOE	3	3	3	3	3	3	3	3	3	3	15	30
<b>E. Provisions to Discourage Expatriation</b>													
1. Tax treatment of inverted entities.....	[15]	182	226	140	176	213	256	313	379	413	450	937	2,748
2. Impose mark-to-market on individuals who expatriate .....	[16]	31	59	57	54	50	46	43	41	39	38	251	458
<b>F. Miscellaneous Provisions</b>													
1. Change the tax treatment of contingent convertible debt instruments .....	diio/a DOE	3	34	51	61	62	57	50	46	40	36	211	440
2. Grant Treasury regulatory authority to address foreign tax credit transactions involving inappropriate separation of foreign taxes from related foreign income.....	teia DOE	[14]	1	1	2	2	2	2	2	2	2	6	16
3. Modifications of effective dates of leasing provisions of the American Jobs Creation Act of 2004.....	[17]	1,210	2,204	1,403	372	-173	-258	-148	-36	-44	-69	5,018	4,465
4. Application of earnings stripping rules to partners which are C corporations.....	tybo/a DOE	8	23	25	27	29	31	33	35	38	41	112	290
5. Limitation of employer deduction for certain entertainment expenses.....	eia DOE	1	4	4	5	5	5	5	6	6	6	19	50
6. Increase in age of minor children whose unearned income is taxed as if parent's income.....	tyba 12/31/05	56	145	203	219	153	204	242	260	298	349	776	2,128
7. Loan and redemption requirements on pooled financings.....	bia DOE	18	40	42	44	46	48	50	53	56	59	190	456

Provision	Effective	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2006-10	2006-15
8. Reporting of interest on tax-exempt bonds.....	iea 12/31/05	[6]	2	2	2	2	3	3	3	3	3	9	24
9. Modification of credit for producing fuel from a nonconventional source - modify section 29/45K credit inflation adjustment and phase out rules and clarify coke production credit.....	qfsa 12/31/04	38	67	32	9	5	1	---	---	---	---	151	152
10. Modification of individual estimated tax safe-harbor to: 120% for tax year 2006; 110% for tax years 2007 and thereafter.....	tyba 12/31/05	5,014	-5,014	---	---	---	---	---	---	---	---	---	---
11. Revaluation of LIFO inventories of large integrated oil companies.....	tyei 2005	3,488	844	---	---	---	---	---	---	---	---	4,332	4,332
12. Eliminate tax incentives for the amortization of geological and geophysical ("G&G") costs for integrated oil companies.....	apoi tyba 8/8/05	-88	18	60	65	45	37	39	37	38	40	101	292
13. Modify the treatment of employee personal use of noncommercial aircraft.....	use after DOE	1	2	2	3	3	6	6	7	7	7	11	44
14. Treatment of distributions attributable to FIRPTA gains (including application of FIRPTA to RICs, and prevention of avoidance through wash sales) [18].....	various	1	3	3	3	3	3	3	3	3	3	13	28
15. Modify rules for distributions of controlled corporations [19].....	generally da DOE	1	2	3	4	-6	-4	7	12	14	15	4	48
16. Amortization of expenses incurred in creating or acquired in obtaining music or music copyrights.....	epoia 2005 in tyea 2005	2	9	7	5	3	2	1	1	1	1	26	32
17. Credit to holders of rural renaissance bonds (\$200 million cap).....	bia DOE & before 1/1/10	-2	-6	-11	-12	-12	-12	-12	-12	-12	-12	-43	-103
18. Modify foreign tax credit rules for large integrated oil companies that are dual capacity taxpayers.....	tpoi tyba DOE	13	69	73	77	80	84	89	93	98	100	312	776
19. Disability preference program for tax collection contracts.....	DOE	----- Negligible Revenue Effect -----											
<b>Total of Revenue Offset Provisions</b> .....		<b>10,488</b>	<b>-212</b>	<b>3,456</b>	<b>2,618</b>	<b>2,184</b>	<b>2,404</b>	<b>2,881</b>	<b>3,380</b>	<b>3,760</b>	<b>4,047</b>	<b>18,539</b>	<b>35,017</b>
<b>NET TOTAL</b> .....		<b>-984</b>	<b>-42,070</b>	<b>-14,008</b>	<b>-9,142</b>	<b>-3,222</b>	<b>3,624</b>	<b>3,984</b>	<b>4,134</b>	<b>4,046</b>	<b>4,071</b>	<b>-69,415</b>	<b>-49,548</b>

Joint Committee on Taxation

NOTE: Details may not add to totals due to rounding. Date of enactment is assumed to be April 1, 2006. Provisions are estimated relative to the Congressional Budget Office baseline of January, 2005.

Legend for "Effective" column:

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|--|--|--|
| aaftaoa = actions and failures to act occurring after  | dio/a = debt instrument issued on or after     | ppisa = property placed in service after           |
| aeio/a agreements entered into on or after             | DOE = date of enactment                        | qfsa = qualified fuel sold after                   |
| aoa = actions occurring after                          | dpa = documents prepared after                 | rfa = returns filed after                          |
| apoi = amounts paid or incurred in                     | dpoio/a = damages paid or incurred on or after | soea = sales or exchanges after                    |
| apoi/a = amounts paid or incurred on or after          | eia = expenses incurred after                  | teia = transactions entered into after             |
| bia = bonds issued after                               | epoia = expenditures paid or incurred after    | tpoi = taxes paid or accrued in                    |
| cia = contracts issued after                           | epoi = expenses paid or incurred in            | tyba = taxable years beginning after               |
| cbagma = contributions, bequests, and gifts made after | fapba = for annual periods beginning after     | tybb = taxable years beginning before              |
| cma = contributions made after                         | foo/a = failures occurring on or after         | tybo/a = taxable years beginning on or after       |
| cmi = contributions made in                            | iea = interest earned after                    | tyei = taxable years ending in                     |
| comora = checks or money orders received after         | lma = loans made after                         | wpoifibwa = wages paid or incurred for individuals |
| cpoia = costs paid or incurred after                   | osoaa = offers submitted on and after          | beginning work after                               |
| da = distributions after                               | oyo/a = open years on or after                 | 60da = 60 days after                               |
|  | pmi = payments made in                         | 180da = 180 days after                             |

[Footnotes for JCX-9-06 appear on the following page]

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**Footnotes for JCX-9-06:**

- [1] Generally, the provisions in Title I., subtitle A. of Title II., and Title III. do not apply to taxable years beginning after September 30, 2010, (or an earlier effective date if specifically indicated in the description or effective date).
- [2] Includes interaction with item I.6.
- [3] The "Economic Growth and Tax Relief Reconciliation Act of 2001" provides that the child tax credit and adoption tax credit are allowed for purposes of the alternative minimum tax for 2002 through 2010. The proposal treats the alternative motor vehicle credit and the alternative fuel vehicle refueling property credit as nonrefundable personal credits.
- [4] Loss of less than \$500,000.
- [5] Generally effective for payments received or accrued after December 31, 2000, and returns filed after the date of enactment.
- [6] Gain of less than \$500,000.
- [7] Generally effective for transactions that are prohibited after the date of enactment, except that no tax applies with respect to income that is properly allocable to the period ending 90 days after the date of enactment.
- [8] With respect to qualified real property interests, effective for contributions or appraisals made after December 16, 2004.
- [9] Generally effective for taxable years beginning one year after the date of enactment.
- [10] Estimate includes interaction with the supporting organizations proposal.
- [11] Estimate includes interaction with the donor advised funds proposal.
- [12] Effective as if included in the provision of the American Jobs Creation Act of 2004 to which it relates.
- [13] Effective for submissions made and issues raised after the first list is prescribed under section 6702(c).
- [14] Gain of less than \$1 million.
- [15] Effective for certain transactions substantially completed after March 20, 2002.
- [16] Generally effective for U.S. citizens who expatriate or long-term residents who terminate their residency on or after the date of enactment.
- [17] Modification to qualified transportation property effective as if included in the provision of the American Jobs Creation Act of 2004; modification to certain leases with foreign entities effective for taxable years beginning after December 31, 2005.
- [18] Some of the provisions sunset December 31, 2007.
- [19] A portion of the provision sunsets December 31, 2009.