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**Amendment to the Amendment in the Nature of a Substitute to H.R. 5377  
Offered by Rep. Ferguson of Georgia**

This amendment would make permanent the individual income tax rates and the small business deduction.



**AMENDMENT****OFFERED BY Mr. Ferguson**

At the end, add the following:

**1 SEC. \_\_\_\_ INDIVIDUAL INCOME TAX RATE REDUCTIONS****2 MADE PERMANENT.**

**3 (a) MARRIED INDIVIDUALS FILING JOINT RETURNS**  
**4 AND SURVIVING SPOUSES.**—Section 1(a) is amended by  
**5 striking the table contained therein and inserting the fol-**  
**6 lowing:**

**“If taxable income is:****The tax is:**

Not over \$19,050 .....	10% of taxable income.
Over \$19,050 but not over \$77,400 .....	\$1,905, plus 12% of the excess over \$19,050.
Over \$77,400 but not over \$165,000 .....	\$8,907, plus 22% of the excess over \$77,400.
Over \$165,000 but not over \$315,000 .....	\$28,179, plus 24% of the excess over \$165,000.
Over \$315,000 but not over \$400,000 .....	\$64,179, plus 32% of the excess over \$315,000.
Over \$400,000 but not over \$600,000 .....	\$91,379, plus 35% of the excess over \$400,000.
Over \$600,000 .....	\$161,379, plus 37% of the excess over \$600,000.”

**7 (b) HEAD OF HOUSEHOLDS.**—Section 1(b) is amend-  
**8 ed by striking the table contained therein and inserting**  
**9 the following:**

**“If taxable income is:****The tax is:**

Not over \$13,600 .....	10% of taxable income.
Over \$13,600 but not over \$51,800 .....	\$1,360, plus 12% of the excess over \$13,600.

**"If taxable income is:****The tax is:**

Over \$51,800 but not over \$82,500 .....	\$5,944, plus 22% of the excess over \$51,800.
Over \$82,500 but not over \$157,500 .....	\$12,698, plus 24% of the excess over \$82,500.
Over \$157,500 but not over \$200,000 .....	\$30,698, plus 32% of the excess over \$157,500.
Over \$200,000 but not over \$500,000 .....	\$44,298, plus 35% of the excess over \$200,000.
Over \$500,000 .....	\$149,298, plus 37% of the excess over \$500,000."

- 1 (c) UNMARRIED INDIVIDUALS OTHER THAN SUR-  
 2 VIVING SPOUSES AND HEADS OF HOUSEHOLD.—Section  
 3 1(c) is amended by striking the table contained therein  
 4 and inserting the following:

**"If taxable income is:****The tax is:**

Not over \$9,525 .....	10% of taxable income.
Over \$9,525 but not over \$38,700 .....	\$952.50, plus 12% of the excess over \$9,525.
Over \$38,700 but not over \$82,500 .....	\$4,453.50, plus 22% of the excess over \$38,700.
Over \$82,500 but not over \$157,500 .....	\$14,089.50, plus 24% of the excess over \$82,500.
Over \$157,500 but not over \$200,000 .....	\$32,089.50, plus 32% of the excess over \$157,500.
Over \$200,000 but not over \$500,000 .....	\$45,689.50, plus 35% of the excess over \$200,000.
Over \$500,000 .....	\$150,689.50, plus 37% of the excess over \$500,000."

- 5 (d) MARRIED INDIVIDUALS FILING SEPARATE RE-  
 6 TURNS.—Section 1(d) is amended by striking the table  
 7 contained therein and inserting the following:

**"If taxable income is:****The tax is:**

Not over \$9,525 .....	10% of taxable income.
Over \$9,525 but not over \$38,700 .....	\$952.50, plus 12% of the excess over \$9,525.
Over \$38,700 but not over \$82,500 .....	\$4,453.50, plus 22% of the excess over \$38,700.
Over \$82,500 but not over \$157,500 .....	\$14,089.50, plus 24% of the excess over \$82,500.

**"If taxable income is:****The tax is:**

Over \$157,500 but not over \$200,000 .....	\$32,089.50, plus 32% of the excess over \$157,500.
Over \$200,000 but not over \$300,000 .....	\$45,689.50, plus 35% of the excess over \$200,000.
Over \$300,000 .....	\$80,689.50, plus 37% of the excess over \$300,000."

1 (e) ESTATES AND TRUSTS.—Section 1(e) is amended  
 2 by striking the table contained therein and inserting the  
 3 following:

**"If taxable income is:****The tax is:**

Not over \$2,550 .....	10% of taxable income.
Over \$2,550 but not over \$9,150 .....	\$255, plus 24% of the excess over \$2,550.
Over \$9,150 but not over \$12,500 .....	\$1,839, plus 35% of the excess over \$9,150.
Over \$12,500 .....	\$3,011.50, plus 37% of the excess over \$12,500."

4 (f) INFLATION ADJUSTMENTS.—Section 1(f) is  
 5 amended—

6 (1) by striking "1993" in paragraph (1) and in-  
 7 serting "2018",

8 (2) by amending paragraph (2)(A) to read as  
 9 follows:

10 "(A) by increasing the minimum and max-  
 11 imum dollar amounts for each bracket for  
 12 which a tax is imposed under such table by the  
 13 cost-of-living adjustment for such calendar year,  
 14 determined under this subsection for such cal-  
 15 endar year by substituting '2017' for '2016' in  
 16 paragraph (3)(A)(ii),"

1 (3) in paragraph (7)(B), by striking all that  
2 precedes “(other than with respect to” and inserting  
3 the following:

4 “(B) SPECIAL RULE.—In the case of a  
5 table prescribed in lieu of the table contained in  
6 subsection (b), (c), or (d), subparagraph (A)”,  
7 (4) by striking paragraph (8), and  
8 (5) in the heading, by striking “PHASEOUT OF

9 MARRIAGE PENALTY IN 15-PERCENT BRACKET; AD-  
10 JUSTMENTS” and inserting “ADJUSTMENTS”.

11 (g) APPLICATION OF INCOME TAX BRACKETS TO  
12 CAPITAL GAINS BRACKETS.—Section 1(h) is amended—

13 (1) in paragraph (1)(B)(i), by striking “25 per-  
14 cent” and inserting “22 percent”,

15 (2) in paragraph (1)(C)(ii)(I), by striking  
16 “which would (without regard to this paragraph) be  
17 taxed at a rate below 39.6 percent” and inserting  
18 “below the maximum 15-percent rate amount”, and

19 (3) by adding at the end the following new  
20 paragraphs:

21 “(12) MAXIMUM 15-PERCENT RATE AMOUNT  
22 DEFINED.—For purposes of this subsection, the  
23 maximum 15-percent rate amount shall be—

24 “(A) in the case of a joint return or sur-  
25 viving spouse (as defined in section 2(a)),



1           \$479,000 ( $\frac{1}{2}$  such amount in the case of a  
2           married individual filing a separate return),

3           “(B) in the case of an individual who is  
4           the head of a household (as defined in section  
5           2(b)), \$452,400,

6           “(C) in the case of any other individual  
7           (other than an estate or trust), \$425,800, and

8           “(D) in the case of an estate or trust,  
9           \$12,700.

10          “(13) DETERMINATION OF 0 PERCENT RATE  
11          BRACKET FOR ESTATES AND TRUSTS.—In the case  
12          of any estate or trust, paragraph (1)(B) shall be ap-  
13          plied by treating the amount determined in clause (i)  
14          thereof as being equal to \$2,600.

15          “(14) INFLATION ADJUSTMENT.—

16          “(A) IN GENERAL.—In the case of any  
17          taxable year beginning after 2018, each of the  
18          dollar amounts in paragraphs (12) and (13)  
19          shall be increased by an amount equal to—

20                  “(i) such dollar amount, multiplied by

21                  “(ii) the cost-of-living adjustment de-  
22                  termined under subsection (f)(3) for the  
23                  calendar year in which the taxable year be-  
24                  gins, determined by substituting ‘calendar

1 year 2017' for 'calendar year 2016' in sub-  
2 paragraph (A)(ii) thereof.

3 “(B) ROUNDING.—If any increase under  
4 subparagraph (A) is not a multiple of \$50, such  
5 increase shall be rounded to the next lowest  
6 multiple of \$50.”.

7 (h) APPLICATION OF SECTION 15.—

8 (1) IN GENERAL.—Subsection (a) of section 15  
9 is amended by striking “If any rate of tax” and in-  
10 sserting “In the case of a corporation, if any rate of  
11 tax”.

12 (2) CONFORMING AMENDMENTS.—

13 (A) Section 15 is amended by striking sub-  
14 sections (d), (e), and (f).

15 (B) Section 6013(c) is amended by strik-  
16 ing “sections 15, 443, and 7851(a)(1)(A)” and  
17 inserting “section 443”.

18 (C) The heading of section 15 is amended  
19 by inserting “**ON CORPORATIONS**” after “**EF-**  
20 **EFFECT OF CHANGES**”.

21 (D) The table of sections for part III of  
22 subchapter A of chapter 1 is amended by strik-  
23 ing the item relating to section 15 and inserting  
24 the following new item:

“Sec. 15. Effect of changes on corporations.”.

25 (i) CONFORMING AMENDMENTS.—



1           (1) Section 1 is amended by striking sub-  
2       sections (i) and (j).

3           (2) Section 3402(q)(1) is amended by striking  
4       “third lowest” and inserting “fourth lowest”.

5       (j) EFFECTIVE DATE.—

6           (1) IN GENERAL.—The amendments made by  
7       this section shall apply to taxable years beginning  
8       after December 31, 2018.

9           (2) APPLICATION OF SECTION 15.—Section 15  
10       of the Internal Revenue Code of 1986 shall not  
11       apply to any change in a rate of tax by reason of—

12               (A) section 1(j) of such Code (as in effect  
13       before its repeal by this section), or

14               (B) any amendment made by this Act.

15   **SEC. \_\_\_\_ . DEDUCTION FOR QUALIFIED BUSINESS INCOME**  
16                           **MADE PERMANENT.**

17       Section 199A of the Internal Revenue Code of 1986  
18   is amended by striking subsection (i).



