

#4

Amendment to the Amendment in the Nature of a Substitute to H.R. 5377
Offered by Rep. Rice of South Carolina

This amendment would prevent taxpayers with the highest 10% of income from taking the increased cap on the state and local tax deduction, and strike the tax rate increase.

AMENDMENT**OFFERED BY Mr. Rice**

Strike sections 2 and 3 and insert the following:.

1 **SEC. 2. ELIMINATION FOR 2019, 2020, AND 2021 OF LIMITA-**
2 **TION ON DEDUCTION OF STATE AND LOCAL**
3 **TAXES.**

4 (a) IN GENERAL.—Section 164(b)(6)(B) of the Inter-
5 nal Revenue Code of 1986 is amended by inserting “in
6 the case of a taxable year beginning before January 1,
7 2019, or after December 31, 2021,” before “the aggregate
8 amount of taxes”.

9 (b) CONFORMING AMENDMENTS.—Section 164(b)(6)
10 of the Internal Revenue Code of 1986 is amended—

11 (1) by striking “For purposes of subparagraph
12 (B)” and inserting “For purposes of this section”,

13 (2) by striking “January 1, 2018” and insert-
14 ing “January 1, 2022”,

15 (3) by striking “December 31, 2017, shall” and
16 inserting “December 31, 2021, shall”, and

17 (4) by adding at the end the following: “For
18 purposes of this section, in the case of State or local
19 taxes with respect to any real or personal property
20 paid during a taxable year beginning in 2019, 2020,

1 or 2021, the Secretary shall prescribe rules which
2 treat all or a portion of such taxes as paid in a tax-
3 able year or years other than the taxable year in
4 which actually paid as necessary or appropriate to
5 prevent the avoidance of the limitations of this sub-
6 section.”.

7 (c) EFFECTIVE DATE.—The amendments made by
8 this section shall apply to taxable years beginning after
9 December 31, 2018.

10 **SEC. 3. DENIAL OF DEDUCTION OF CERTAIN STATE AND**
11 **LOCAL TAXES WITH RESPECT TO CERTAIN**
12 **TAXPAYERS.**

13 (a) IN GENERAL.—Section 164(b) of the Internal
14 Revenue Code of 1986 is amended by adding at the end
15 the following new paragraph:

16 “(7) DENIAL OF DEDUCTION OF CERTAIN
17 STATE AND LOCAL TAXES WITH RESPECT TO CER-
18 TAIN TAXPAYERS.—

19 “(A) IN GENERAL.—In the case of any
20 taxpayer whose adjusted gross income for any
21 taxable year beginning in 2019, 2020, or 2021,
22 exceeds the applicable dollar amount (twice
23 such amount in the case of a joint return), with
24 respect to such taxpayer for such taxable year,
25 this section shall be applied without regard to

1 paragraphs (1), (2), (3) of subsection (a) and
2 paragraphs (5) and (6) of this subsection. The
3 preceding sentence shall not apply to any for-
4 eign taxes described in subsection (a)(3) or to
5 any taxes described in paragraph (1) and (2) of
6 subsection (a) which are paid or accrued in car-
7 rying on a trade or business or an activity de-
8 scribed in section 212.

9 “(B) APPLICABLE DOLLAR AMOUNT.—For
10 purposes of this paragraph, the term ‘applicable
11 dollar amount’ means, with respect to any tax-
12 able year beginning in a calendar year, the
13 highest dollar amount which the Secretary de-
14 termines would result in 10 percent of indi-
15 vidual taxpayers having adjusted gross income
16 in excess of such dollar amount for taxable
17 years beginning in the second preceding cal-
18 endar year. For purposes of the preceding sen-
19 tence, a joint return shall be treated as two in-
20 dividual taxpayers each of which has half the
21 adjusted gross income shown on the return.”.

22 (b) EFFECTIVE DATE.—The amendment made by
23 this section shall apply to taxable years beginning after
24 December 31, 2018.

Strike section 6.

