

115TH CONGRESS
2D SESSION

S. 2291

To amend the Internal Revenue Code of 1986 to make permanent the individual tax rates in effect for taxable years 2018 through 2025.

IN THE SENATE OF THE UNITED STATES

JANUARY 10, 2018

Mr. CRUZ introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to make permanent the individual tax rates in effect for taxable years 2018 through 2025.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. PERMANENT MODIFICATION OF INDIVIDUAL**
4 **RATE BRACKETS.**

5 (a) MARRIED INDIVIDUALS FILING JOINT RETURNS
6 AND SURVIVING SPOUSES.—The table contained in sub-
7 section (a) of section 1 of the Internal Revenue Code of
8 1986 is amended to read as follows:

“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.”.

1 (b) HEADS OF HOUSEHOLDS.—The table contained
2 in subsection (b) of section 1 of the Internal Revenue Code
3 of 1986 is amended to read as follows:

“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.
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.”.

4 (c) UNMARRIED INDIVIDUALS OTHER THAN SUR-
5 VIVING SPOUSES AND HEADS OF HOUSEHOLDS.—The
6 table contained in subsection (c) of section 1 of the Inter-
7 nal Revenue Code of 1986 is amended to read as follows:

“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.

“If taxable income is:**The tax is:**

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.”.

1 (d) MARRIED INDIVIDUALS FILING SEPARATE RE-
2 TURNS.—The table contained in subsection (d) of section
3 1 of the Internal Revenue Code of 1986 is amended to
4 read as follows:

“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 \$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.”.

5 (e) ESTATES AND TRUSTS.—The table contained in
6 subsection (e) of section 1 of the Internal Revenue Code
7 of 1986 is amended to read as follows:

“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.”.

1 (f) ADJUSTMENT FOR INFLATION.—Subsection (f) of
2 section 1 of the Internal Revenue Code of 1986 is amend-
3 ed—

4 (1) by striking “1993” in paragraph (1) and in-
5 serting “2018”;

6 (2) by striking “determined—” and all that fol-
7 lows in paragraph (2)(A) and inserting “determined
8 by substituting ‘2017’ for ‘2016’ in paragraph
9 (3)(A)(ii),”;

10 (3) by striking “a married individual filing a
11 separate return” in paragraph (7)(B) and inserting
12 “any unmarried individual other than a surviving
13 spouse or head of household”;

14 (4) by striking “MARRIED INDIVIDUALS FILING
15 SEPARATELY” in the heading of subparagraph (B) of
16 paragraph (7) and inserting “CERTAIN UNMARRIED
17 INDIVIDUALS”; and

18 (5) by striking paragraph (8).

19 (g) SPECIAL RULES FOR CERTAIN CHILDREN WITH
20 UNEARNED INCOME.—Subsection (g) of section 1 of the
21 Internal Revenue Code of 1986 is amended—

22 (1) by striking paragraphs (1), (3), and (5);

23 (2) by redesignating paragraphs (4), (6), and

24 (7) as paragraphs (5), (7), and (8), respectively;

(3) by redesignating paragraph (2) as paragraph (6) and by moving such paragraph to the position between paragraphs (5) and (7) (as so redesignated);

(4) by inserting before paragraph (5) (as so redesignated) the following new paragraphs:

“(1) IN GENERAL.—In the case of a child to whom this subsection applies for the taxable year, the amount of tax imposed by this section on such child shall be determined as provided in paragraphs (2) and (3).

“(2) MODIFICATIONS TO APPLICABLE RATE BRACKETS.—The income tax table otherwise applicable under this section to the child shall be applied with the following modifications:

“(A) 24-PERCENT BRACKET.—The maximum taxable income which is taxed at a rate below 24 percent shall not be more than the sum of—

“(i) the earned taxable income of such child, plus

“(ii) the minimum taxable income for the 24-percent bracket in the table under subsection (e) (as adjusted under subsection (f)) for the taxable year.

1 “(B) 35-PERCENT BRACKET.—The max-
 2 imum taxable income which is taxed at a rate
 3 below 35 percent shall not be more than the
 4 sum of—

5 “(i) the earned taxable income of such
 6 child, plus

7 “(ii) the minimum taxable income for
 8 the 35-percent bracket in the table under
 9 subsection (e) (as adjusted under sub-
 10 section (f)) for the taxable year.

11 “(C) 37-PERCENT BRACKET.—The max-
 12 imum taxable income which is taxed at a rate
 13 below 37 percent shall not be more than the
 14 sum of—

15 “(i) the earned taxable income of such
 16 child, plus

17 “(ii) the minimum taxable income for
 18 the 37-percent bracket in the table under
 19 subsection (e) (as adjusted under sub-
 20 section (f)) for the taxable year.

21 “(3) COORDINATION WITH CAPITAL GAINS
 22 RATES.—For purposes of applying subsection (h)—

23 “(A) the maximum zero rate amount shall
 24 not be more than the sum of—

1 “(i) the earned taxable income of such
2 child, plus

3 “(ii) the amount in effect under sub-
4 section (h)(12)(A)(iv) for the taxable year,
5 and

6 “(B) the maximum 15-percent rate
7 amount shall not be more than the sum of—

8 “(i) the earned taxable income of such
9 child, plus

10 “(ii) the amount in effect under sub-
11 section (h)(12)(B)(iv) for the taxable year.

12 “(4) EARNED TAXABLE INCOME.—For purposes
13 of this subsection, the term ‘earned taxable income’
14 means, with respect to any child for any taxable
15 year, the taxable income of such child reduced (but
16 not below zero) by the net unearned income of such
17 child.”; and

18 (5) by striking “paragraph (4)(A)(ii)(I)” each
19 place it appears in subparagraphs (A)(ii), (B)(i),
20 and (B)(ii)(II) of paragraph (8) (as so redesignated)
21 and inserting “paragraph (5)(A)(ii)(I)”.

22 (h) CAPITAL GAINS BRACKETS.—Subsection (h) of
23 section 1 of the Internal Revenue Code of 1986 is amend-
24 ed—

1 (1) by striking “which would (without regard to
2 this paragraph) be taxed at a rate below 25 percent”
3 in paragraph (1)(B)(i) and inserting “below the
4 maximum zero rate amount”;

5 (2) by striking “which would (without regard to
6 this paragraph) be taxed at a rate below 39.6 per-
7 cent” in paragraph (1)(C)(ii)(I) and inserting
8 “below the maximum 15-percent rate amount”; and

9 (3) by adding at the end the following new
10 paragraph:

11 “(12) MAXIMUM AMOUNTS DEFINED.—For pur-
12 poses of this subsection—

13 “(A) MAXIMUM ZERO RATE AMOUNT.—The
14 maximum zero rate amount shall be—

15 “(i) in the case of a joint return or
16 surviving spouse, \$77,200,

17 “(ii) in the case of an individual who
18 is a head of household (as defined in sec-
19 tion 2(b)), \$51,700,

20 “(iii) in the case of any other indi-
21 vidual (other than an estate or trust), an
22 amount equal to $\frac{1}{2}$ of the amount in effect
23 for the taxable year under clause (i), and

24 “(iv) in the case of an estate or trust,
25 \$2,600.

1 “(B) MAXIMUM 15-PERCENT RATE
2 AMOUNT.—The maximum 15-percent rate
3 amount shall be—

4 “(i) in the case of a joint return or
5 surviving spouse, \$479,000 ($\frac{1}{2}$ such
6 amount in the case of a married individual
7 filing a separate return),

8 “(ii) in the case of an individual who
9 is the head of a household (as defined in
10 section 2(b)), \$452,400,

11 “(iii) in the case of any other indi-
12 vidual (other than an estate or trust),
13 \$425,800, and

14 “(iv) in the case of an estate or trust,
15 \$12,700.

16 “(C) INFLATION ADJUSTMENT.—In the
17 case of any taxable year beginning after 2018,
18 each of the dollar amounts in subparagraphs
19 (A) and (B) shall be increased by an amount
20 equal to—

21 “(i) such dollar amount, multiplied by

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

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

3 If any increase under this subparagraph is not
4 a multiple of \$50, such increase shall be round-
5 ed to the next lowest multiple of \$50.”.

6 (i) CONFORMING AMENDMENTS.—

7 (1) Section 1 of the Internal Revenue Code of
8 1986 is amended by striking subsections (i) and (j).

9 (2) Section 3402(q)(1) of such Code is amend-
10 ed by striking “third lowest” and inserting “fourth
11 lowest”.

12 (j) SECTION 15 NOT TO APPLY.—Section 15 of the
13 Internal Revenue Code of 1986 shall not apply to any
14 change in a rate of tax by reason of this section.

15 (k) EFFECTIVE DATE.—The amendments made by
16 this section shall apply to taxable years beginning after
17 December 31, 2018.

○