

103<sup>D</sup> CONGRESS  
2<sup>D</sup> SESSION

# H. R. 4131

To amend the Internal Revenue Code of 1986 to make the income tax more equitable for families.

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IN THE HOUSE OF REPRESENTATIVES

MARCH 24, 1994

Mr. DARDEN introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to make the income tax more equitable for families.

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. SHORT TITLE.**

4 This Act may be cited as the “Family Unity Pro-  
5 motion Act of 1994”.

6 **SEC. 2. COMBINED RETURN TO WHICH UNMARRIED RATES**

7 **APPLY.**

8 (a) IN GENERAL.—Subpart B of part II of sub-  
9 chapter A of chapter 61 of the Internal Revenue Code of

1 1986 (relating to income tax returns) is amended by in-  
2 serting after section 6013 the following new section:

3 **“SEC. 6013A. COMBINED RETURN WITH SEPARATE RATES.**

4 “(a) GENERAL RULE.—A husband and wife may  
5 make a combined return of income taxes under subtitle  
6 A under which—

7 “(1) a separate taxable income is determined  
8 for each spouse by applying the rules provided in  
9 this section, and

10 “(2) the tax imposed by section 1 is the aggre-  
11 gate amount resulting from applying the separate  
12 rate set forth in section 1(c) to each such taxable  
13 income.

14 “(b) TREATMENT OF INCOME.—For purposes of this  
15 section—

16 “(1) earned income (within the meaning of sec-  
17 tion 911(d)), and any income received as a pension  
18 or annuity which arises from an employer-employee  
19 relationship, shall be treated as the income of the  
20 spouse who rendered the services, and

21 “(2) income from property shall be divided be-  
22 tween the spouses in accordance with their respec-  
23 tive ownership rights in such property.

24 “(c) TREATMENT OF DEDUCTIONS.—For purposes of  
25 this section—

1           “(1) the deductions allowed by section 62(a)  
2           (other than paragraphs (7) and (10) thereof) shall  
3           be allowed to the spouse treated as having the in-  
4           come to which such deductions relate,

5           “(2) the deduction for retirement savings de-  
6           scribed in paragraph (7) of section 62(a) shall be al-  
7           lowed to the spouse for whose benefit the savings are  
8           maintained,

9           “(3) the deduction for alimony described in  
10          paragraph (10) of section 62(a) shall be allowed to  
11          the spouse who has the liability to pay the alimony,

12          “(4) the deductions allowable by section 151  
13          (relating to personal exemptions) shall be deter-  
14          mined—

15                 “(A) by requiring each spouse to claim 1  
16                 personal exemption, and

17                 “(B) by allowing the personal exemptions  
18                 under section 151(c) to be allocated between  
19                 the spouses as they determine,

20                 “(5) by requiring each spouse to claim their  
21                 own additional standard deduction (if any) under  
22                 section 63, and

23                 “(6) the aggregate amount of all other deduc-  
24                 tions shall be allocated between the spouses in such  
25                 amounts as they determine.

1       “(d) TREATMENT OF CREDITS.—Credits shall be de-  
2       termined (and applied against the joint liability of the cou-  
3       ple for tax) as if the spouses had filed a joint return.

4       “(e) TREATMENT AS JOINT RETURN.—Except as  
5       otherwise provided in this section or in the regulations  
6       prescribed hereunder, for purposes of this title (other than  
7       sections 1 and 63(c)) a combined return under this section  
8       shall be treated as a joint return.

9       “(f) REGULATIONS.—The Secretary shall prescribe  
10      such regulations as may be necessary or appropriate to  
11      carry out this section.”

12      (b) UNMARRIED RATE MADE APPLICABLE.—So  
13      much of subsection (c) of section 1 of such Code as pre-  
14      cedes the table is amended to read as follows:

15      “(c) SEPARATE OR UNMARRIED RETURN RATE.—  
16      There is hereby imposed on the taxable income of every  
17      individual (other than a married individual (as defined in  
18      section 7703) filing a joint return or a separate return,  
19      a surviving spouse as defined in section 2(a), or a head  
20      of household as defined in section 2(b)) a tax determined  
21      in accordance with the following table:”.

22      (c) BASIC STANDARD DEDUCTION FOR UNMARRIED  
23      INDIVIDUALS MADE APPLICABLE.—Subparagraph (C) of  
24      section 63(c)(2) of such Code is amended to read as fol-  
25      lows:

1           “(C) \$3,000 in the case of an individual  
2           who is not—

3                   “(i) a married individual filing a joint  
4                   return or a separate return,

5                   “(ii) a surviving spouse, or

6                   “(iii) a head of household, or”.

7           (d) CLERICAL AMENDMENT.—The table of sections  
8 for subpart B of part II of subchapter A of chapter 61  
9 of such Code is amended by inserting after the item relat-  
10 ing to section 6013 the following:

                  “Sec. 6013A. Combined return with separate rates.”

11           (e) EFFECTIVE DATE.—The amendments made by  
12 this section shall apply to taxable years beginning after  
13 December 31, 1994.

14 **SEC. 3. HOMEMAKERS ELIGIBLE FOR FULL IRA DEDUC-**  
15 **TION.**

16           (a) SPOUSAL IRA COMPUTED ON BASIS OF COM-  
17 PENSATION OF BOTH SPOUSES.—Subsection (c) of section  
18 219 of the Internal Revenue Code of 1986 (relating to  
19 special rules for certain married individuals) is amended  
20 to read as follows:

21                   “(c) SPECIAL RULES FOR CERTAIN MARRIED INDI-  
22 VIDUALS.—

23                   “(1) IN GENERAL.—In the case of an individual  
24           to whom this paragraph applies for the taxable year,

1 the limitation of paragraph (1) of subsection (b)  
2 shall be equal to the lesser of—

3 “(A) \$2,000, or

4 “(B) the sum of—

5 “(i) the compensation includible in  
6 such individual’s gross income for the tax-  
7 able year, plus

8 “(ii) the compensation includible in  
9 the gross income of such individual’s  
10 spouse for the taxable year reduced by the  
11 amount allowable as a deduction under  
12 subsection (a) to such spouse for such tax-  
13 able year.

14 “(2) INDIVIDUALS TO WHOM PARAGRAPH (1)  
15 APPLIES.—Paragraph (1) shall apply to any individ-  
16 ual if—

17 “(A) such individual files a joint return for  
18 the taxable year, and

19 “(B) the amount of compensation (if any)  
20 includible in such individual’s gross income for  
21 the taxable year is less than the compensation  
22 includible in the gross income of such individ-  
23 ual’s spouse for the taxable year.”

1 (b) IRA ALLOWED FOR SPOUSES WHO ARE NOT AC-  
2 TIVE PLAN PARTICIPANTS.—Section 219(g)(1) of such  
3 Code is amended by striking “or the individual’s spouse”.

4 (c) CONFORMING AMENDMENTS.—

5 (1) Paragraph (2) of section 219(f) of such  
6 Code (relating to other definitions and special rules)  
7 is amended by striking “subsections (b) and (c)”  
8 and inserting “subsection (b)”.

9 (2) Section 408(d)(5) of such Code is amended  
10 by striking “\$2,250” and inserting “\$2,000”.

11 (d) EFFECTIVE DATE.—The amendments made by  
12 this section shall apply to taxable years beginning after  
13 December 31, 1994.

14 **SEC. 4. INCREASE IN PERSONAL EXEMPTION FOR CERTAIN**  
15 **DEPENDENT CHILDREN.**

16 (a) GENERAL RULE.—Paragraph (1) of section  
17 151(d) of the Internal Revenue Code of 1986 (defining  
18 exemption amount) is amended to read as follows:

19 “(1) IN GENERAL.—Except as otherwise pro-  
20 vided in this subsection, the term ‘exemption  
21 amount’ means \$2,000 (or, in the case of an exemp-  
22 tion under subsection (c) for a child who has not at-  
23 tained age 18 before the close of the calendar year  
24 in which the taxable year begins, \$3,500).”

25 (b) CONFORMING AMENDMENTS.—

1           (1) Subparagraph (A) of section 151(d)(3) of  
2 such Code is amended by striking “the exemption  
3 amount” and inserting “each dollar amount in effect  
4 under paragraph (1) (after any adjustment under  
5 paragraph (4))”.

6           (2) Subparagraph (A) of section 151(d)(4) of  
7 such Code is amended—

8           (A) by striking “the dollar amount” and  
9 inserting “each dollar amount”, and

10           (B) by adding at the end thereof the fol-  
11 lowing new sentence: “In the case of the \$3,500  
12 amount contained in paragraph (1), the preced-  
13 ing sentence shall be applied by substituting  
14 ‘1995’ for ‘1989’ the first place it appears, and  
15 by substituting ‘1994’ for ‘1988’.”

16           (c) EFFECTIVE DATE.—The amendments made by  
17 this section shall apply to taxable years beginning after  
18 December 31, 1994.

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