

104TH CONGRESS
1ST SESSION

H. R. 1142

To amend the Internal Revenue Code of 1986 to repeal the alternative
minimum tax.

IN THE HOUSE OF REPRESENTATIVES

MARCH 7, 1995

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

A BILL

To amend the Internal Revenue Code of 1986 to repeal
the alternative minimum tax.

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; AMENDMENT OF 1986 CODE.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Alternative Minimum Tax Repeal Act of 1995”.

6 (b) AMENDMENT OF 1986 CODE.—Except as other-
7 wise expressly provided, whenever in this Act an amend-
8 ment or repeal is expressed in terms of an amendment
9 to, or repeal of, a section or other provision, the reference

1 shall be considered to be made to a section or other provi-
2 sion of the Internal Revenue Code of 1986.

3 **SEC. 2. ALTERNATIVE MINIMUM TAX.**

4 (a) IN GENERAL.—Part VI of subchapter A of chap-
5 ter 1 of the Internal Revenue Code of 1986 (relating to
6 alternative minimum tax) is hereby repealed.

7 (b) CONFORMING AMENDMENTS.—

8 (1) Subparagraph (B) of section 1(g)(7) (relat-
9 ing to election to claim certain unearned income of
10 child on parent’s return) is amended—

11 (A) by inserting “and” at the end of clause
12 (i),

13 (B) by striking “and” and the end of
14 clause (ii) and inserting a period, and

15 (C) by striking clause (iii).

16 (2) Subsection (d) of section 2 (relating to
17 taxes imposed on nonresident aliens) is amended by
18 striking “sections 1 and 55” and inserting “section
19 1”.

20 (3) Subsection (a) of section 5 (relating to cross
21 references relating to tax on individuals) is amended
22 by striking paragraph (4).

23 (4) Subsection (d) of section 11 (relating to
24 taxes imposed on foreign corporations) is amended
25 by striking “the taxes imposed by subsection (a) and

1 section 55” and inserting “the tax imposed by sub-
2 section (a)”.

3 (5) Section 12 (relating to cross references re-
4 lating to tax on corporations) is amended by striking
5 paragraph (7).

6 (6) Section 26 (relating to limitation based on
7 tax liability; definition of tax liability) is amended—

8 (A) by amending subsection (a) to read as
9 follows:

10 “(a) LIMITATION BASED ON AMOUNT OF TAX.—The
11 aggregate amount of credits allowed by this subpart for
12 the taxable year shall not exceed the taxpayer’s regular
13 tax liability for the taxable year.”,

14 (B) in subsection (b)(2), by striking sub-
15 paragraph (A) and by redesignating subpara-
16 graphs (B) through (N) as subparagraphs (A)
17 through (M), respectively, and

18 (C) by striking subsection (c).

19 (7) Paragraph (3) of section 30(b) (relating to
20 credit for qualified electric vehicles) is amended by
21 striking “the excess” and all that follows and insert-
22 ing “the regular tax for the taxable year reduced by
23 the sum of the credits allowable under subpart A
24 and sections 27, 28, and 29.”

1 (8) Subsection (h) of section 32 (relating to re-
2 duction of credit to taxpayers subject to alternative
3 minimum tax) is hereby repealed.

4 (9) Subsection (c) of section 38 (relating to
5 business related credits) is amended—

6 (A) by striking paragraphs (1) and (2) and
7 inserting the following new paragraph:

8 “(1) IN GENERAL.—The credit allowed under
9 subsection (a) for any taxable year shall not exceed
10 25 percent of so much of the taxpayer’s net regular
11 tax liability as exceeds \$25,000. For purposes of the
12 preceding sentence, the term ‘net regular tax liabil-
13 ity’ means the regular tax liability reduced by the
14 sum of the credits allowable under subparts A and
15 B of this part.”, and

16 (B) by redesignating paragraph (3) as
17 paragraph (2).

18 (10) Subsection (c) of section 53 is amended by
19 striking “the excess” and all that follows and insert-
20 ing “the regular tax liability of the taxpayer for such
21 taxable year reduced by the sum of the credits allow-
22 able under subparts A, B, D, E, and F of this part.”

23 (11) Subsection (b) of section 59A (relating to
24 environmental tax) is amended by adding at the end
25 the following:

1 “For purposes of this subsection, references to sections
2 55 and 56 shall be treated as references to such sections
3 as in effect on the day before the date of the enactment
4 of the Alternative Minimum Tax Repeal Act of 1995.”.

5 (12)(A) Paragraph (2) of section 148(b) is
6 amended by adding at the end the following new
7 flush sentence:

8 “Such term shall not include any tax-exempt bond.”

9 (B) Paragraph (3) of section 148(b) (relating
10 to higher yield investments) is hereby repealed.

11 (13) Subparagraph (B) of section 149(g)(3)
12 (relating to hedge bonds) is amended by striking all
13 that follows “invested in bonds” and inserting “the
14 interest on which is not includible in gross income
15 under section 103.”

16 (14) Section 173 (relating to circulation ex-
17 penditures) is amended by striking “(a) GENERAL
18 RULE.—” and by striking subsection (b).

19 (15) Subsection (f) of section 174 (relating to
20 research and experimental expenditures) is amended
21 to read as follows:

1 “(f) CROSS REFERENCE.—

“**For adjustments to basis of property for amounts allowed as deductions as deferred expenses under subsection (b), see section 1016(a)(14).**”

2 (16) Subsection (c) of section 263 (relating to
3 capital expenditures) is amended by striking “59(e)
4 or”.

5 (17) Subsection (c) of section 263A (relating to
6 capitalization and inclusion in inventory costs of cer-
7 tain expenses) is amended by striking paragraph (6).

8 (18) Section 382(l) (relating to net operating
9 loss carryforwards and certain built-in losses follow-
10 ing ownership change) is amended by striking para-
11 graph (7).

12 (19) Section 443 (relating to adjustment in
13 computing minimum tax and tax preferences) is
14 amended by striking subsection (d) and by redesign-
15 ating subsection (e) as subsection (d).

16 (20) Section 617 (relating to deduction and re-
17 capture of certain mining exploration expenditures)
18 is amended by striking subsection (i).

19 (21) Subsections (b) and (c) of section 666 (re-
20 lating to accumulation distribution of trust allocated
21 to preceding years) are each amended by striking
22 “(other than the tax imposed by section 55)”.

23 (22) Section 847 (relating to special estimated
24 tax payments) is amended—

1 (A) in paragraph (9), by striking the last
2 sentence;

3 (B) in paragraph (10), by inserting “and”
4 at the end of subparagraph (A) and by striking
5 subparagraph (B) and redesignating subpara-
6 graph (C) as subparagraph (B).

7 (23) Section 848 (relating to capitalization of
8 certain policy acquisition expenses) is amended by
9 striking subsection (i) and by redesignating sub-
10 section (j) as subsection (i).

11 (24) Paragraph (1) of section 871(b) (relating
12 to tax on nonresident alien individuals) is amended
13 by striking “, 55,”.

14 (25) Subsection (b) of section 877 (relating to
15 expatriation to avoid tax) is amended by striking
16 “, 55,”.

17 (26) Paragraph (1) of section 882(a) is amend-
18 ed by striking “55,”.

19 (27) Subsection (a) of section 897 (relating to
20 disposition of investment in United States real prop-
21 erty) is amended to read as follows:

22 “(a) TREATMENT AS EFFECTIVELY CONNECTED
23 WITH UNITED STATES TRADE OR BUSINESS.—For pur-
24 poses of this title, gain or loss of a nonresident alien indi-
25 vidual or a foreign corporation from the disposition of a

1 United States real property interest shall be taken into
2 account—

3 “(1) in the case of a nonresident alien individ-
4 ual, under section 871(b)(1), or

5 “(2) in the case of a foreign corporation, under
6 section 8872(a)(1),

7 as if the taxpayer were engaged in a trade or business
8 within the United States during the taxable year and as
9 if such gain or loss were effectively connected with such
10 trade or business.”

11 (28) Subsection (j) of section 904 (relating to
12 limitation on credit) is amended to read as follows:

13 “(j) CROSS REFERENCE.—

**“For increase of limitation under subsection (a)
for taxes paid with respect to amounts received
which were included in the gross income of the tax-
payer for a prior taxable year as a United States
shareholder with respect to a controlled foreign cor-
poration, see section 960(b).”**

14 (29) Paragraph (1) of section 962(a) (relating
15 to election by individuals to be subject to tax at cor-
16 porate rates) is amended—

17 (A) by striking “sections 1 and 55” and
18 inserting “section 1”, and

19 (B) by striking “sections 11 and 55” and
20 inserting “section 11”.

21 (30) Paragraph (20) of section 1016(a) (relat-
22 ing to adjustments to basis) is amended by inserting

1 “, as in effect on the day before the date of the en-
2 actment of the Alternative Minimum Tax Repeal Act
3 of 1995” after “preferences”).

4 (31) Subsection (a) of section 1561 (relating to
5 limitations on certain multiple tax benefits in the
6 case of certain controlled corporations) is amended
7 by striking the last sentence.

8 (32) Subparagraph (A) of section 6425(c)(1)
9 (defining income tax liability) is amended—

10 (A) by inserting “plus” at the end of
11 clause (i), and

12 (B) by striking clause (ii) and by redesignig-
13 nating clause (iii) as clause (ii).

14 (33) Section 6654(d)(2) (relating to failure by
15 individual to pay estimated income tax) is amend-
16 ed—

17 (A) in clause (i) of subparagraph (B), by
18 striking “, alternative minimum taxable in-
19 come,”, and

20 (B) in clause (i) of subparagraph (C), by
21 striking “, alternative minimum taxable in-
22 come,”.

23 (34) Subparagraph (C) of section 6662(e)(3)
24 (relating to accuracy-related penalty) is amended by
25 inserting “, as in effect on the day before the date

1 of the enactment of the Alternative Minimum Tax
2 Repeal Act of 1995” after “55(c)”.

3 (c) CLERICAL AMENDMENTS.—The table of parts for
4 subchapter A of chapter 1 is amended by striking the item
5 relating to part VI.

6 (d) EFFECTIVE DATE.—The amendments made by
7 this section shall take effect in taxable years beginning
8 after December 31, 1994.

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