

104<sup>TH</sup> CONGRESS  
1<sup>ST</sup> SESSION

# H. R. 214

To amend the Internal Revenue Code of 1986 to repeal the income taxation of corporations, to impose a 10 percent tax on the earned income (and only the earned income) of individuals, to repeal the estate and gift taxes, to provide amnesty for all tax liability for prior taxable years, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

JANUARY 4, 1995

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

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## A BILL

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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 “Crane Tithe Tax Act  
5 of 1995”.

1 **SEC. 2. REPEAL OF TAXATION OF CORPORATIONS.**

2 The following provisions of the Internal Revenue  
3 Code of 1986 are hereby repealed:

4 (1) section 11 (relating to corporate income  
5 tax),

6 (2) section 55 (relating to alternative minimum  
7 tax) insofar as it applies to corporations,

8 (3) section 511 (relating to unrelated business  
9 income tax),

10 (4) section 531 (relating to accumulated earn-  
11 ings tax),

12 (5) section 541 (relating to personal holding  
13 company tax),

14 (6) section 594 (relating to alternative tax for  
15 certain mutual savings banks),

16 (7) section 801 (relating to tax imposed on life  
17 insurance companies),

18 (8) section 821 (relating to tax imposed on cer-  
19 tain mutual insurance companies),

20 (9) section 831 (relating to tax on certain other  
21 insurance companies),

22 (10) section 852 (relating to tax on regulated  
23 investment companies),

24 (11) section 857 (relating to tax on real estate  
25 investment trusts), and

1 (12) section 882 (relating to tax on income of  
2 foreign corporations connected with United States  
3 business).

4 **SEC. 3. 10 PERCENT INCOME TAX RATE FOR INDIVIDUALS.**

5 Section 1 of the Internal Revenue Code of 1986 (re-  
6 lating to tax imposed on individuals) is amended to read  
7 as follows:

8 **“SECTION 1. TAX IMPOSED.**

9 “(a) IN GENERAL.—There is hereby imposed on the  
10 income of every individual a tax equal to 10 percent of  
11 the excess of the earned income of such individual for the  
12 taxable year over the exemption amount for such year.

13 “(b) DEFINITIONS.—For purposes of this section—

14 “(1) EXEMPTION AMOUNT.—

15 “(A) IN GENERAL.—The term ‘exemption  
16 amount’ means, for any taxable year, \$10,000  
17 increased (for taxable years beginning after De-  
18 cember 31, 1995) by an amount equal to  
19 \$10,000 multiplied by the cost-of-living adjust-  
20 ment for the calendar year in which the taxable  
21 year begins.

22 “(B) COST-OF-LIVING ADJUSTMENT.—For  
23 purposes of this paragraph—

1           “(i) IN GENERAL.—The cost-of-living  
2           adjustment for any calendar year is the  
3           percentage (if any) by which—

4                   “(I) the CPI for October of the  
5                   preceding calendar year, exceeds

6                   “(II) the CPI for October of  
7                   1994.

8           “(ii) CPI.—The term ‘CPI’ means the  
9           last Consumer Price Index for all-urban  
10          consumers published by the Department of  
11          Labor.

12          “(C) ROUNDING.—If the increase deter-  
13          mined under this paragraph is not a multiple of  
14          \$10, such increase shall be rounded to the near-  
15          est multiple of \$10 (or if such increase is a  
16          multiple of \$5, such increase shall be increased  
17          to the next highest multiple of \$10).

18          “(2) EARNED INCOME.—

19                  “(A) IN GENERAL.—Except as provided in  
20          subparagraph (B), the term ‘earned income’  
21          means—

22                   “(i) wages, salaries, and other em-  
23                   ployee compensation,

1           “(ii) the amount of the taxpayer’s net  
2 earnings from self-employment for the tax-  
3 able year, and

4           “(iii) the amount of dividends which  
5 are from a personal service corporation or  
6 which are otherwise directly or indirectly  
7 compensation for services.

8           “(B) EXCEPTIONS.—The term ‘earned in-  
9 come’ does not include—

10           “(i) any amount received as a pension  
11 or annuity, or

12           “(ii) any tip unless the amount of the  
13 tip is not within the discretion of the serv-  
14 ice-recipient.

15           “(C) FRINGE BENEFITS VALUED AT EM-  
16 PLOYER COST.—The amount of any fringe ben-  
17 efit which is included as earned income shall be  
18 the cost to the employer of such benefit.”

19 **SEC. 4. AMNESTY FOR ALL PRIOR TAX LIABILITY.**

20           (a) IN GENERAL.—No person shall be liable for any  
21 tax imposed by chapter 1 of the Internal Revenue Code  
22 of 1986 (or for penalties and interest with respect to such  
23 tax) for any taxable year ending before January 1, 1994.

24           (b) EXCEPTIONS.—

1           (1) AMOUNTS PAID.—Subsection (a) shall not  
2           apply to amounts paid before the date of the enact-  
3           ment of this Act.

4           (2) TAX ATTRIBUTABLE TO ILLEGAL ACTIVI-  
5           TIES.—Subsection (a) shall not apply to any tax (in-  
6           cluding penalties and interest with respect to such  
7           tax) attributable to any business activity which is in  
8           violation of any Federal, State, or local law.

9   **SEC. 5. REPEAL OF SPECIAL DEDUCTIONS, CREDITS, AND**  
10                   **EXCLUSIONS FROM INCOME FOR INDIVID-**  
11                   **UALS.**

12           Chapter 1 of the Internal Revenue Code of 1986 is  
13           amended by striking out all specific exclusions from gross  
14           income, all deductions, and all credits against income tax  
15           to the extent related to the computation of individual in-  
16           come tax liability.

17   **SEC. 6. REPEAL OF ESTATE AND GIFT TAXES.**

18           Subtitle B of the Internal Revenue Code of 1986 (re-  
19           lating to estate, gift, and generation-skipping taxes) is  
20           hereby repealed.

21   **SEC. 7. EFFECTIVE DATES.**

22           (a) IN GENERAL.—Except as provided in subsection  
23           (b), the amendments made by this Act shall apply to tax-  
24           able years beginning after the date of the enactment of  
25           this Act.

1           (b) REPEAL OF ESTATE AND GIFT TAXES.—The re-  
2 peal made by section 6 shall apply to estates of decedents  
3 dying, and transfers made, after the date of the enactment  
4 of this Act.

5           (c) TECHNICAL AND CONFORMING CHANGES.—The  
6 Secretary of the Treasury or his delegate shall, as soon  
7 as practicable but in any event not later than 90 days  
8 after the date of the enactment of this Act, submit to the  
9 Committee on Ways and Means of the House of Rep-  
10 resentatives a draft of any technical and conforming  
11 changes in the Internal Revenue Code of 1986 which are  
12 necessary to reflect throughout such Code the changes in  
13 the substantive provisions of law made by this Act.

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