

107TH CONGRESS
2^D SESSION

H. R. 5735

To amend the Internal Revenue Code of 1986 to allow individuals a refundable credit against income tax for Social Security taxes paid on up to \$25,000 of wages.

IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 14, 2002

Mr. HINCHAY 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 allow individuals a refundable credit against income tax for Social Security taxes paid on up to \$25,000 of wages.

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. REFUNDABLE CREDIT FOR PAYROLL TAXES.**

4 (a) IN GENERAL.—Subpart C of part IV of sub-
5 chapter A of chapter 1 of the Internal Revenue Code of
6 1986 (relating to refundable credits) is amended by redес-
7 ignating section 36 as section 37 and by inserting after
8 section 35 the following new section:

1 **“SEC. 36. CREDIT FOR PAYROLL TAXES.**

2 “(a) IN GENERAL.—In the case of an individual,
3 there shall be allowed as a credit against the tax imposed
4 by this subtitle an amount equal to the taxpayer’s social
5 security taxes for the taxable year.

6 “(b) LIMITATION.—The amount of the credit allow-
7 able under subsection (a) to any taxpayer for any taxable
8 year shall not exceed \$1,550.

9 “(c) SOCIAL SECURITY TAXES.—For purposes of this
10 section—

11 “(1) IN GENERAL.—The term ‘social security
12 taxes’ means, with respect to any taxpayer for any
13 taxable year—

14 “(A) the amount of the taxes imposed by
15 section 3101(a) on amounts received by the tax-
16 payer during the calendar year in which the
17 taxable year begins,

18 “(B) so much of the amount of the taxes
19 imposed by section 3201(a) as relates to section
20 3101(a) on amounts received by the taxpayer
21 during the calendar year in which the taxable
22 year begins,

23 “(C) 50 percent of the taxes imposed by
24 subsection (a) of section 1401 on the self-em-
25 ployment income of the taxpayer for the taxable
26 year, and

1 “(D) 50 percent of so much of the taxes
2 imposed by section 3211(a)(1) as relates to sec-
3 tion 3101(a) on amounts received by the tax-
4 payer during the calendar year in which the
5 taxable year begins.

6 “(2) COORDINATION WITH SPECIAL REFUND OF
7 SOCIAL SECURITY TAXES.—The term ‘social security
8 taxes’ shall not include any taxes to the extent the
9 taxpayer is entitled to a special refund of such taxes
10 under section 6413(c).

11 “(3) SPECIAL RULE.—Any amounts paid pursu-
12 ant to an agreement under section 3121(l) (relating
13 to agreements entered into by American employers
14 with respect to foreign affiliates) which are equiva-
15 lent to the taxes referred to in paragraph (1)(A)
16 shall be treated as taxes referred to in such para-
17 graph.

18 “(d) TERMINATION.—This section shall not apply to
19 taxable years beginning after December 31, 2004.”.

20 (b) CONFORMING AMENDMENTS.—

21 (1) Paragraph (2) of section 1324(b) of title
22 31, United States Code, is amended by inserting be-
23 fore the period “, or from section 36 of such Code”.

24 (2) The table of sections for subpart C of part
25 IV of subchapter A of chapter 1 of the Internal Rev-

