

- Committee on Ways and Means -
ESTIMATED REVENUE EFFECTS OF PROPOSALS CONTAINED IN
"THE TAX REDUCTION AND REFORM ACT OF 2007"

Fiscal Years 2008 - 2017

[Millions of Dollars]

Provision	Effective	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2008-12	2008-17
I. Individual Tax Provisions													
A. General Tax Reductions													
1. Increase in standard deduction.....	tyba 12/31/07	-2,099	-4,181	-4,173	-4,891	-5,598	-5,530	-5,503	-5,438	-5,302	-5,203	-20,943	-47,919
2. Modification of EIC amount for individuals with no qualifying children (increase phaseout threshold to \$10,900).....	tyba 12/31/07	-30	-3,006	-3,090	-3,167	-3,121	-3,184	-3,266	-3,342	-3,426	-3,502	-12,415	-29,136
3. Repeal of indexation of refundable threshold for the child tax credit and reduce the threshold to \$8,500.....	tyba 12/31/07	---	-2,869	-3,037	-3,212	---	---	---	---	---	---	-9,118	-9,118
B. Individual AMT Relief													
1. Set AMT exemption amounts at \$44,150/\$64,950 for 2007 and extend application of nonrefundable credits.....	tyba 12/31/06	-49,556	---	---	---	---	---	---	---	---	---	-49,556	-49,556
2. Revenue neutral repeal of the AMT													
a. Repeal of the individual AMT.....	tyba 12/31/07	-36,472	-96,317	-112,212	-93,886	-51,417	-60,223	-69,372	-79,461	-91,471	-104,828	-390,303	-795,659
b. Additional tax on high income individuals	tyba 12/31/07	62,794	65,829	81,056	76,418	78,605	83,270	87,661	92,963	98,576	104,531	364,702	831,703
c. Restoration of overall limitation on itemized deductions and phaseout of deduction for personal exemptions (Pease and PEP) for taxpayers with AGI above \$250,000 (\$500,000 for joint returns).....	tyba 12/31/07	4,692	8,024	10,825	5,040	---	---	---	---	---	---	28,581	28,581
d. Increase AGI floor for miscellaneous itemized deductions to 5% for taxpayers with AGI above \$150,000 (\$200,000 for joint returns) with thresholds indexed for inflation.....	tyba 12/31/07	171	349	349	581	846	886	921	963	1,008	1,055	2,295	7,129

Provision	Effective	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2008-12	2008-17
3. Interaction effects.....	---	-1,950	2,170	2,660	6,463	-504	-677	-839	-1,157	-1,512	-1,867	8,839	2,787
C. Other Reforms													
1. Income of partners for performing investment management services treated as ordinary income received for performance of services [1].....	[2]	2,687	3,242	3,159	2,951	2,687	2,360	2,169	2,028	2,097	2,281	14,726	25,661
2. Nonqualified deferred compensation for investment services [3].....	tyba 12/31/07	4,661	5,130	4,139	3,891	2,394	1,382	806	338	79	-178	20,215	22,641
3. Indebtedness incurred by a partnership in acquiring securities and commodities not treated as acquisition indebtedness for organizations that are partners with limited liabilities.....	tyba DOE	-42	-92	-107	-119	-132	-147	-158	-168	-182	-194	-492	-1,341
4. Application to partnership interests and tax sharing agreements of rule treating certain gain on sales between related persons as ordinary income.....	saea DOE	5	10	15	15	15	15	15	15	15	15	60	135
5. Employment tax treatment of S corporation shareholders and limited partners in service businesses [4].....	tyba 12/31/07	432	799	852	891	939	993	1,045	1,097	1,153	1,210	3,913	9,411
6. Broker reporting of customer's basis in securities transactions (exempt C-corporations).....	1/1/09 & 1/1/11	---	---	43	90	159	417	668	873	963	1,057	292	4,270
Total of Individual Tax Provisions		-14,707	-20,912	-19,521	-8,935	24,873	19,562	14,147	8,711	1,998	-5,623	-39,204	-411

II. One-Year Extenders**A. Extenders Primarily Affecting Individuals**

1. Deduction for private mortgage insurance (sunset 12/31/08).....	apoa 12/31/07	-15	-84	15	10	6	14	13	12	7	6	-68	-17
2. Deduction for State and local general sales taxes (sunset 12/31/08).....	tyba 12/31/07	-476	-2,761	-348	---	---	---	---	---	---	---	-3,584	-3,584
3. Deduction for qualified tuition and related expenses (sunset 12/31/08).....	tyba 12/31/07	-278	-1,111	---	---	---	---	---	---	---	---	-1,389	-1,389
4. Treatment of certain dividends of regulated investment companies (sunset 12/31/08).....	[5]	-10	-57	---	---	---	---	---	---	---	---	-67	-67

Provision	Effective	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2008-12	2008-17
5. Parity in the application of certain limits to mental health benefits (sunset 12/31/08) [6]...	1/1/08	-5	-15	-5	---	---	---	---	---	---	---	-25	-25
6. Encourage contributions of property interests made for conservation purposes (sunset 12/31/08).....	cmi tyba 12/31/07	-27	-25	---	---	---	---	---	---	---	---	-52	-52
7. Tax-free distributions from IRAs to certain public charities from age 70 1/2 or older, not to exceed \$100,000 per taxpayer per year (sunset 12/31/08).....	Da 1/1/08	-115	-124	-17	-22	-27	-27	-28	-29	-31	-32	-304	-452
8. Above-the-line deduction of up to \$250 for teacher classroom expenses (sunset 12/31/08).....	epoii tyba 12/31/07	-10	-182	---	---	---	---	---	---	---	---	-191	-191
9. Extend election to include combat pay in earned income for purposes of the earned income credit (sunset 12/31/08).....	tyba 12/31/07	---	-19	---	---	---	---	---	---	---	---	-19	-19
10. Use of qualified mortgage bonds to finance residences for veterans without regard to first-time homebuyer requirement (sunset 12/31/08).....	bia 12/31/07	-3	-12	-18	-18	-18	-18	-18	-18	-18	-18	-69	-159
11. Penalty-free withdrawals from retirement plans for individuals called to active duty (sunset 12/31/08).....	tyba 12/31/07	[7]	[7]	[7]	[7]	---	---	---	---	---	---	-1	-1
12. Estate tax look-thru for certain RIC stock held by nonresidents.....	DOE	----- <i>Negligible Revenue Effect</i> -----											
13. Extend the treatment of RICs as "qualified investment entities" under section 897 (FIRPTA) (sunset 12/31/08).....	1/1/08	-5	-5	---	---	---	---	---	---	---	---	-10	-10
Total of Extenders Primarily Affecting Individuals		-944	-4,395	-373	-30	-39	-31	-33	-35	-42	-44	-5,779	-5,966
B. Extenders Primarily Affecting Businesses													
1. Tax credit for R&E expenses (sunset 12/31/08).....	apoa 12/31/07	-2,881	-2,211	-1,014	-1,014	-1,014	-685	-178	---	---	---	-8,134	-8,998
2. Indian employment tax credit (sunset 12/31/08).....	tyba 12/31/07	-21	-28	-9	-1	---	---	---	---	---	---	-59	-59
3. New markets tax credit (sunset 12/31/09).....	ima 12/31/08	---	-106	-168	-170	-192	-205	-202	-202	-77	[8]	-637	-1,322

Provision	Effective	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2008-12	2008-17
4. 50% tax credit for certain expenditures for maintaining railroad tracks (sunset 12/31/08).	epoid tyba 12/31/07	-74	-74	-17	---	---	---	---	---	---	---	-165	-165
5. 15-year straight-line cost recovery for qualified leasehold improvements and qualified restaurant property (sunset 12/31/08).....	ppisa 12/31/07	-100	-305	-416	-416	-405	-374	-357	-372	-365	-357	-1,642	-3,466
6. 7-year recovery period for certain motorsports racetrack property (sunset 12/31/08).....	ppisa 12/31/07	-7	-11	-7	-4	-2	-2	-2	1	4	4	-29	-27
7. Accelerated depreciation for business property on Indian reservations (sunset 12/31/08).....	ppisa 12/31/07	-133	-231	-86	19	63	99	81	43	5	-8	-367	-148
8. Expensing of "Brownfields" environmental remediation costs (sunset 12/31/08).....	epoia 12/31/07	-227	-140	21	25	29	26	23	20	17	15	-292	-192
9. Deduction allowable with respect to income attributable to domestic production activities in Puerto Rico (sunset 12/31/08).....	tyba 12/31/07	-58	-58	---	---	---	---	---	---	---	---	-116	-116
10. Modify tax treatment of certain payments under existing arrangements to controlling exempt organizations (sunset 12/31/08).....	proaa 12/31/07	-15	-8	---	---	---	---	---	---	---	---	-23	-23
11. Extension and modification of credit to holders of qualified zone academy bonds - allocations of bond authority (sunset 12/31/08).....	oia 12/31/07	-1	-5	-12	-18	-20	-20	-20	-20	-20	-20	-56	-156
12. Tax Incentives for Investment in the District of Columbia (sunset 12/31/08).....	tyba 12/31/07	-45	-23	-1	[7]	-2	-6	-15	-19	-23	-23	-71	-158
13. Extension of economic development credit for American Samoa (sunset 12/31/08).....	tyba 12/31/07	-6	-10	---	---	---	---	---	---	---	---	-16	-16
14. Enhanced charitable deduction for contributions of food inventory (sunset 12/31/08).....	cma 12/31/07	-39	-33	---	---	---	---	---	---	---	---	-72	-72
15. Enhanced charitable deduction for contributions of book inventories to public schools (sunset 12/31/08).....	cma 12/31/07	-17	-14	---	---	---	---	---	---	---	---	-31	-31

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16. Enhanced deduction for qualified computer contributions (sunset 12/31/08).....	cmd tyba 12/31/07	-120	-98	---	---	---	---	---	---	---	---	-218	-218
17. Basis adjustment to stock of S corporations making charitable contributions of property (sunset 12/31/08).....	tyba 12/31/07 & tybb 12/31/08	-14	-20	-4	-2	-2	-2	-2	-2	-2	-2	-42	-54
Total of Extenders Primarily Affecting Businesses		-3,758	-3,375	-1,713	-1,581	-1,545	-1,169	-672	-551	-461	-391	-11,970	-15,221
C. Other Extenders													
1. Disclosure of tax return information to facilitate combined employment tax reporting (sunset 12/31/08).....	da 12/31/07	----- <i>No Revenue Effect</i> -----											
2. Disclosure of return information to inform officials of terrorist activities (sunset 12/31/08).....	da 12/31/07	----- <i>No Revenue Effect</i> -----											
3. Disclosure upon request of information relating to terrorist activities (sunset 12/31/08).....	da 12/31/07	----- <i>No Revenue Effect</i> -----											
4. Disclosure of tax return information to carry out administration of income contingent repayment of student loans (sunset 12/31/08) [6].....	rma 12/31/07	----- <i>No Revenue Effect</i> -----											
5. Authority for undercover operations (sunset 12/31/08).....	1/1/08	[9]	[9]	---	---	---	---	---	---	---	---	[9]	[9]
6. Increase in Limit on Cover Over of Rum Excise Tax Revenues (from \$10.50 to \$13.25 per proof gallon) to Puerto Rico and the Virgin Islands (sunset 12/31/08).....	abiUSa 12/31/07	-74	-19	---	---	---	---	---	---	---	---	-93	-93
7. Extension of disclosure authority to the Department of Veterans Affairs (sunset 12/31/08) [6].....	09/30/08	1	---	---	---	---	---	---	---	---	---	1	1
Total of Other Extenders		-73	-19	---	---	---	---	---	---	---	---	-92	-92
Total of One-Year Extenders		-4,775	-7,789	-2,086	-1,611	-1,584	-1,200	-705	-586	-503	-435	-17,841	-21,279
III. Corporate Tax Reform													
A. Corporate Rate Reduction - Reduce Corporate Marginal Rate to 30.5 Percent.....	tyba 12/31/08	---	-27,942	-41,625	-41,509	-40,618	-40,598	-41,143	-42,074	-43,375	-44,955	-151,694	-363,837

Provision	Effective	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2008-12	2008-17
B. Repeal of Deduction for Income Attributable to Domestic Production Activities.....	tyba 2008	---	3,950	10,000	12,403	13,023	13,674	14,357	15,075	15,829	16,621	39,376	114,932
C. Provisions Related to Foreign Source Income													
1. Allocation of expenses and taxes on basis of repatriation of foreign income.....	tyba 12/31/07	5,205	10,955	9,792	10,184	10,591	11,014	11,455	11,913	12,390	12,886	46,727	106,385
2. Time at which foreign currency is translated..	tyba 2007	[8]	[8]	[8]	[8]	[8]	[8]	[8]	[8]	[8]	[8]	1	2
3. Repeal of worldwide allocation of interest expense.....	tyba 2008	---	999	2,736	2,845	2,958	3,077	3,200	3,328	3,461	3,600	9,538	26,204
4. Limit eligibility for reduced treaty withholding rates based on residency of foreign parent.....	pa 2007	265	551	592	636	667	701	719	737	755	774	2,711	6,397
D. Modification of Accounting Rules													
1. Repeal of LIFO	tyba DOE	6,233	11,119	11,726	12,104	12,803	13,761	14,311	14,927	7,403	2,119	53,985	106,506
2. Repeal of lower of cost or market method of inventory.....	tyba DOE	418	746	787	812	859	923	960	1,002	497	142	3,622	7,146
3. Special rule for service providers on accrual method not applicable to C corporations.....	tyba DOE	13	23	25	26	27	29	30	32	16	4	114	225
E. Modifications Related to Expensing and Amortization													
1. Permanent extension of section 179 expensing.....	DOE	---	---	---	-3,399	-5,709	-3,945	-2,852	-2,066	-1,459	-1,117	-9,109	-20,547
2. Change section 197 amortization period to 20 years.....	tyba DOE	104	389	767	1,182	1,636	2,133	2,676	3,286	3,912	4,612	4,078	20,697
F. Codification of Economic Substance Doctrine and Related Penalties.....	tyba 2007	160	229	269	320	382	457	473	484	498	516	1,359	3,787
G. Modifications to Deduction for Dividends Received.....	tyba 12/31/08	---	326	498	499	504	514	530	550	574	601	1,827	4,596
H. Other Provisions													
1. Recognition of ordinary income on exercise of stock option in S corporation with an ESOP.....	oga DOE	---	---	66	93	53	37	60	99	99	99	212	606
2. Termination of special rules for domestic international sales corporations.....	tyba 2007	36	83	86	88	91	94	97	99	102	105	384	881

Provision	Effective	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2008-12	2008-17
3. Treatment of securities in section 355 transactions.....	ea DOE	10	25	25	25	25	25	25	25	25	25	110	235
Total of Corporate Tax Reform		12,444	1,453	-4,256	-3,691	-2,708	1,896	4,898	7,417	727	-3,968	3,241	14,215
NET TOTAL [10].....		-7,038	-27,248	-25,863	-14,237	20,581	20,258	18,340	15,542	2,222	-10,026	-53,804	-7,475

Joint Committee on Taxation

NOTE: Details may not add to totals due to rounding. Date of enactment is assumed to be December 1, 2007.

Legend for "Effective" column:

abiUSa = articles brought into the United States after
apoa = amounts paid or accrued after
apoa = amounts paid or incurred after
bia = bonds issued after
cma = contributions made after
cmd = contributions made during
cma = contributions made in
da = disclosures after

Da = distributions after
DOE = date of enactment
ea = exchanges occurring after
epoa = expenditures paid or incurred after
epoid = expenses paid or incurred during
epoi = expenses paid or incurred in
frap = Federal regulations are prescribed
ima = investments made after

oga = options granted after
oia = obligations issued after
pa = payments after
ppisa = property placed in service after
proaa = payments received or accrued after
rma = requests made after
saea = sales and exchanges after
tyba = taxable years beginning after

[1] Estimate includes interaction with item I.C.2.

[2] For purposes of the revenue estimate, it is assumed that the provision is generally effective for taxable years ending after the date of first committee action, for dispositions of partnership interests and partnership distributions after the date of first committee action, and in the case of other income and gain in connection with investment management services by a person holding a disqualified interest in an entity, the date of first committee action.

[3] Estimate includes interaction with item I.C.3.

[4] The estimate does not include any effects on outlays which will be provided by the Congressional Budget Office.

[5] Effective for dividends with respect to taxable years of regulated investment companies beginning after December 31, 2007.

[6] Estimate provided by the Congressional Budget Office.

[7] Loss of less than \$500,000.

[8] Gain of less than \$500,000.

[9] Gain of less than \$1 million.

[10] Does not include all potential interaction effects of extending the provisions together.