

Committee on Ways and Means

The Middle-Class Alternative Minimum Tax Relief Act of 2004 H.R. 4227

Background

- President Bush's 2001 tax relief bill increased the AMT exemption amounts from \$45,000 to \$49,000 for married couples and from \$33,750 to \$35,750 for single individuals.
- The 2003 tax relief bill further increased the AMT exemption amounts to \$58,000 for married couples and \$40,250 for single individuals.
- These increases ensure that middle-income families are not hit by the AMT as a result of the tax relief provided in the 2001 and 2003 tax relief laws. However, this needed relief is scheduled to expire at the end of this year.

Summary of H.R. 4227

- H.R. 4227 extends the 2003 AMT relief (adjusted for inflation) through 2005. Under the bill, the 2005 exemption amounts would be:
 - \$58,950 for married couples and
 - \$40,900 for single individuals.

What Happens Next Year If H.R. 4227 Is Not Enacted?

- Married couples will see their AMT exemption drop from \$58,000 to \$45,000. Single individuals will see their AMT exemption drop from \$40,250 to \$33,750.
- 11 million taxpayers will be hit with an average tax increase of \$1,520.
- Millions of middle-income couples will be pushed into the AMT:
 - 7 million additional married couples will pay the AMT.
 - 1 million additional single individuals will pay the AMT.

Source: Joint Committee on Taxation