

110TH CONGRESS  
1ST SESSION

# S. 2432

To amend the Internal Revenue Code of 1986 to provide alternative minimum tax relief for 2007 and to provide special tax rates for certain capital gains and qualified dividend income for 2007, and for other purposes.

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## IN THE SENATE OF THE UNITED STATES

DECEMBER 6, 2007

Mr. WHITEHOUSE introduced the following bill; which was read twice and referred to the Committee on Finance

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## A BILL

To amend the Internal Revenue Code of 1986 to provide alternative minimum tax relief for 2007 and to provide special tax rates for certain capital gains and qualified dividend income for 2007, and for other purposes.

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 “AMT Equity Act of  
5       2007”.

1 **SEC. 2. ONE-YEAR EXTENSION OF ALTERNATIVE MINIMUM**  
2 **TAX RELIEF FOR NONREFUNDABLE PER-**  
3 **SONAL CREDITS.**

4 (a) **IN GENERAL.**—Paragraph (2) of section 26(a) of  
5 the Internal Revenue Code of 1986 (relating to special  
6 rule for taxable years 2000 through 2006) is amended—

7 (1) by striking “or 2006” and inserting “2006,  
8 or 2007”, and

9 (2) by striking “2006” in the heading thereof  
10 and inserting “2007”.

11 (b) **EFFECTIVE DATE.**—The amendments made by  
12 this section shall apply to taxable years beginning after  
13 December 31, 2006.

14 **SEC. 3. ONE-YEAR EXTENSION OF INCREASED ALTER-**  
15 **NATIVE MINIMUM TAX EXEMPTION AMOUNT.**

16 (a) **IN GENERAL.**—Paragraph (1) of section 55(d) of  
17 the Internal Revenue Code of 1986 (relating to exemption  
18 amount) is amended—

19 (1) by striking “(\$62,550 in the case of taxable  
20 years beginning in 2006)” in subparagraph (A) and  
21 inserting “(\$66,250 in the case of taxable years be-  
22 ginning in 2007)”, and

23 (2) by striking “(\$42,500 in the case of taxable  
24 years beginning in 2006)” in subparagraph (B) and  
25 inserting “(\$44,350 in the case of taxable years be-  
26 ginning in 2007)”.

1 (b) EFFECTIVE DATE.—The amendments made by  
2 this section shall apply to taxable years beginning after  
3 December 31, 2006.

4 **SEC. 4. TEMPORARY REPEAL OF INDIVIDUAL ALTERNATIVE**  
5 **MINIMUM TAX FOR CERTAIN TAXPAYERS.**

6 (a) IN GENERAL.—Section 55(a) of the Internal Rev-  
7 enue Code of 1986 (relating to alternative minimum tax  
8 imposed) is amended by adding at the end the following  
9 new flush sentence:  
10 “For purposes of this title, for any taxable year beginning  
11 in 2007, the tentative minimum tax shall be zero on any  
12 taxpayer other than a corporation whose adjusted gross  
13 income for such taxable year does not exceed \$100,000  
14 (\$200,000 in the case of a joint return).”.

15 (b) EFFECTIVE DATE.—The amendments made by  
16 this section shall apply to taxable years beginning after  
17 December 31, 2006.

18 **SEC. 5. SPECIAL TAX RATES ON CERTAIN CAPITAL GAINS**  
19 **AND QUALIFIED DIVIDEND INCOME FOR 2007.**

20 (a) IN GENERAL.—Section 1(h)(1) of the Internal  
21 Revenue Code of 1986 (relating to maximum capital gains  
22 rate) is amended by adding at the end the following new  
23 flush sentence:

24 “For purposes of any taxable year beginning in  
25 2007, the rate of tax specified in subparagraph (C)

1 shall be increased by 1 percentage point (but not to  
2 be increased by more than 20 percentage points) for  
3 each \$50,000 (or fraction thereof) by which a tax-  
4 payer's adjusted gross income for such taxable year  
5 exceeds \$1,000,000 (\$2,000,000 in the case of a  
6 joint return).”.

7 (b) EFFECTIVE DATE.—The amendment made by  
8 this section shall apply to taxable years beginning after  
9 December 31, 2006.

10 **SEC. 6. ONE-TIME ESTIMATED TAX SAFE HARBOR FOR IN-**  
11 **CREASED TAX LIABILITY.**

12 For purposes of any taxable year beginning in 2007,  
13 in the case of any individual with respect to whom the  
14 amendments made by section 5 apply—

15 (1) the tax shown on the return under section  
16 6654(d)(1)(B)(i) of such Code shall be reduced (but  
17 not below zero) by the amount of tax imposed by  
18 reason of such amendments shown on the return,

19 (2) the tax for the taxable year under section  
20 6654(d)(2)(B)(i) of such Code (before multiplication  
21 by the applicable percentage) shall be reduced (but  
22 not below zero) by the tax imposed by reason of  
23 such amendments, and

24 (3) the amount of tax for the taxable year for  
25 purposes of section 6654(e)(1) of such Code shall be

- 1 reduced (but not below zero) by the amount of tax
- 2 imposed by reason of such amendments.

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