

SUMMARY OF MAJOR ENACTED TAX LEGISLATION FROM 1981-2006

TABLE OF CONTENTS

[Pension Protection Act of 2006](#)

[Tax Increase Prevention and Reconciliation Act of 2005 \(TIPRA\)](#)

[American Jobs Creation Act of 2004 \(AJCA\)](#)

[Working Families Tax Relief Act of 2004 \(WFTRA\)](#)

[The Medicare Prescription Drug, Improvement, and Modernization Act of 2003](#)

[Military Family Tax Relief Act of 2003](#)

[The Jobs and Growth Tax Relief Reconciliation Act of 2003 \(JGTRRA\)](#)

[The Job Creation and Worker Assistance Act of 2002 \(JCWA\)](#)

[Economic Growth and Tax Relief Reconciliation Act of 2001 \(EGTRRA\)](#)

[Internal Revenue Service Restructuring Act of 1998](#)

[Surface Transportation Revenue Act of 1998](#)

[Taxpayer Relief Act of 1997](#)

[Revenue Provisions of the Health Insurance and Portability Act of 1996](#)

[Revenue Provisions of the Small Business Job Protection Act of 1996](#)

[Taxpayer Bill of Rights 2 of 1996](#)

[Omnibus Budget Reconciliation Act of 1993](#)

[Tax Extension Act of 1991](#)

[Omnibus Budget Reconciliation Act of 1990](#)

[Omnibus Budget Reconciliation Act of 1989](#)

[Medicare Catastrophic Coverage Repeal Act of 1989](#)

[Financial Institutions Reform, Recovery, and Enforcement Act of 1989](#)

[Technical and Miscellaneous Revenue Act of 1988](#)

[Medicare Catastrophic Coverage Act of 1988](#)

[The Family Security Act of 1988](#)

[Continuing Resolution for Fiscal Year 1988](#)

[Airport and Airway Trust Fund Extension of 1987](#)

[Omnibus Budget Reconciliation Act of 1987](#)

[Continuing Resolution for Fiscal Year 1987](#)

[Superfund Amendments and Reauthorization Act of 1986](#)

[Omnibus Budget Reconciliation Act of 1986](#)

[Tax Reform Act of 1986](#)

[Consolidated Omnibus Budget Reconciliation Act of 1985 \(COBRA\)](#)

[Deficit Reduction Act of 1984](#)

[Social Security Amendments of 1983](#)

[Interest and Dividends Tax Compliance Act of 1983](#)

[Railroad Retirement Revenue Act of 1983](#)

[Tax Equity and Fiscal Responsibility Act of 1982](#)

[Highway Revenue Act of 1982](#)

[Economic Recovery Tax Act of 1981](#)

[Links to Related Publications and Tables](#)

LEGISLATION

Pension Protection Act of 2006

- **IRA provisions.** Made permanent the pension and IRA provisions in EGTRRA (increased contribution limits to IRAs and 401(k)s to \$5,000 and \$15,000 respectively and catch-up contributions for IRAs, increased limitation on exclusion for elective deferrals, increased annual addition limitation for defined contribution plans). Indexed certain income limits for IRA contributions for inflation beginning in 2007; and allowed direct rollovers from retirement plans to ROTH IRAs; allowed direct deposit of tax refunds into IRAs.
- **Saver's Credit.** Made the Saver's Credit permanent and annually indexed its income threshold to inflation beginning in 2007.
- **Pension plan funding rules.** Established new minimum financing standards for single- and multi-employer defined benefit pension plans and increased the deduction limits for these plans.
- **Pension plans and health care.** Allowed transfer of excess single- and multi-employer defined benefit pension assets to retiree medical accounts, under certain conditions; permitted tax-free distribution from government retirement plans to pay health and long-term care insurance premiums; allowed deductions for contributions to fund a reserve for medical benefits for future years; made tax deductible, portions of annuity and life insurance contracts used to pay health and long-term care insurance premiums.
- **Qualified tuition programs.** Extended EGTRRA modifications to qualified tuition program rules, including tax exempt withdrawals from qualified tuition accounts and certain rules regarding the coordination with Hope and lifetime learning credit programs.
- **PBGC.** Changed some rules regarding Pension Benefit Guarantee Corporation premiums and interest rates for small employer plans, and created special funding rules for defined benefit plans maintained by commercial airlines, among other changes.
- **Charitable contributions and tax exempt organizations.** Allowed tax-free distributions from IRAs to certain public charities from age 70 ½ and older, not to exceed \$100,000 per taxpayer; extended current law charitable deductions for food and book inventories; adjusted basis of S corporation stock for certain charitable contributions; encouraged contributions of property interest made for conservation purposes; restricted qualifying contributions of clothing and other household items to those in good condition, required greater substantiation (e.g., receipts for all cash gifts) for gifts made, and penalized contributors and appraisers who grossly overvalue donated property.

- Tariffs. Included various small provisions relating to tariffs.

Tax Increase Prevention and Reconciliation Act of 2005 (TIPRA)

- Depreciation. Extended the increased expensing allowance for depreciable business property from \$25,000 to \$100,000; increased threshold amount for determining reductions to the expensing allowance; and increased the period during which a taxpayer may revoke an election to expense depreciable business property through 2009.
- Capital gains. Extended through 2010 reductions in capital gains and dividends tax rates (5 percent for taxpayers in the 15 percent bracket and 15 percent for others) enacted by JGTRRA (2003).
- Inflation adjustment. Accelerated the inflation adjustment to the exclusion amount for foreign earned income to 2006 from 2008; also, extended through 2008 certain exemptions for income of controlled foreign companies.
- AMT. Increased the AMT tax exemption, last altered in 2004 under WFTRA (2004), to \$42,500 for single filers and \$62,550 for married filers, and extended this through 2006.
- IRAs and Roth IRAs. Allowed taxpayers to convert traditional IRA balances into Roth IRAs; eliminated the income limit (\$100,000) on Roth IRA conversions starting in 2010.
- Unearned income of minor children. Increased the age of minor children whose unearned income is taxed as if parent's income from 14 to 18 years old.
- Excise tax penalty. Imposed an excise tax penalty on certain tax-exempt entities for participation in prohibited tax shelter activities.

American Jobs Creation Act of 2004 (AJCA)

- Provisions related to repeal of exclusion for extraterritorial income (ETI). Provided transitional relief for taxpayers subject to the ETI repeal by allowing a tax exclusion of 80 percent in 2005 and 60 percent in 2006 of extraterritorial income; created deduction relating to income attributable to U.S. production activities
- Business tax incentives. Increased section 179 expensing from \$25,000 to \$100,000 and increased the phase-out threshold amount from \$200,000 to \$400,000; included software in section 179 property; and extended indexing of deduction limit and phaseout threshold through 2007; instituted 15-year straight-line cost recovery for qualified (1) leasehold improvements and (2) restaurant improvements, through 2005 only; provided S-corporation reform and simplification; repealed 4.3-cent General

Fund excise taxes on various fuels usually through 2005 or 2006; and modified application of the income forecast method of accounting; provided incentives to film and television production and repealed some taxes on distilled spirits, wine, and beer, among other incentives.

- Provisions relating to tax relief for agriculture and small manufacturers. Provided that the General Fund be used to pay all alcohol and fuel and excise taxes; provided outlay payments (in lieu of excise tax credits and refunds) to producers of alcohol fuel mixtures; and provided tax credits for biodiesel (again, from the General Fund); extended some bonus depreciation rules for certain aircraft, among other items.
- Tax reform and simplification for U.S. businesses. Provided incentives to reinvest foreign earnings in the U.S.; installed new interest expense allocation rules; re-characterized overall “domestic loss”; applied “look-through” rules for dividends for certain section 902 corporations; based differences and reduction to 2 foreign tax credit baskets; implemented 10-year foreign tax credit carryforward and 1 year carryback; and repealed the 90 percent limitation on the use of foreign tax credits against the AMT among other items.
- Allowed deduction by businesses of state and local general sales taxes through 2005.
- Miscellaneous provisions. Extended and expanded credit for electricity produced from certain renewable resources, among many other items.
- Revenue provisions. Extended certain custom user fees; reformed the tax treatment of leasing transactions; modified the dispositions of transmission property to implement FERC restructuring policy; installed provisions to reduce tax avoidance and curtail tax shelters; modified charitable contribution rules for donations of patents and other intellectual property; modified the valuation of the charitable deduction for vehicles; and provided consistent amortization periods for intangibles, among many other items.

Working Families Tax Relief Act of 2004 (WFTRA)

- Extended expiring provisions of EGTRRA (2001) and JGTRRA (2003). Extended several provisions, including the \$1,000 child tax credit through 2009, the doubling of the standard deduction for joint filers through 2008, the new 10 percent bracket through 2010, and the increased AMT exemption from the AMT through 2005. In addition, accelerated the increase in the refundability of the child tax credit to 15 percent in 2004 instead of 2005.
- Extended other expiring tax provisions through 2005 only. Extended the tax credit for increasing research activities, the work opportunity tax credit, the welfare-to-work tax credit, the treatment of personal nonrefundable credits against the AMT, the deduction for teacher classroom expenses, tax incentives for investment in the District of Columbia, Indian employment tax credit, accelerated depreciation of business

property on Indian reservations, certain New York Liberty Zone bond provisions, expensing of “Brownfields,” deduction for clean-fuel vehicles, among others.

- Included combat pay in earnings for tax credit purposes. Included combat pay in earnings for calculating the earned income tax credit and the child tax credit, at taxpayer’s election.
- Applied the uniform definition of a qualifying child to most child-related tax provisions.

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003

- Introduced Health Savings Accounts. Allowed taxpayers under age 65 to make tax-free deposits up to the deductible on a high deductible plan if they also purchase a catastrophic health policy.
- Provided tax exclusions for certain employer subsidies.
- Increased taxes indirectly by reducing employer incentives to retain prescription drug insurance coverage.
- Introduced a new income-related premium for future Medicare Part B participants based on IRS records sent to the Social Security Administration.

Military Family Tax Relief Act of 2003

- Gain from sale of a home. Extended the five-year period utilized in determining full exclusion of gain from the sale of a principal residence up to ten years for a member of the uniformed or foreign services.
- Death benefits. Doubled from \$6,000 to \$12,000 military death gratuity payments and provided that the full payment is tax-exempt.
- Education distributions. Exempted distributions made from education IRAs for non-educational purposes from the 10 percent tax penalty if made for an account holder in a military academy.
- Travel expenses. Created above-the-line deduction for overnight travel expenses of National Guard and reserve members traveling more than 100 miles from home.

The Jobs and Growth Tax Relief Reconciliation Act of 2003 (JGTRRA)

- Accelerated provisions of EGTRRA (2001). Expanded child tax credit to \$1,000 per child for 2003-04, reverting to present law (2001-enacted phase ins and outs) in 2005; expanded 15 percent tax bracket and standard deduction for joint filers to double the

ranges and levels for single filers for 2003-04, reverting to present law in 2005; expanded 10 percent bracket for 2003-04, reverting to present law in 2005; implemented 2006 rate schedule: 10 percent, 15 percent, 25 percent, 28 percent, 33 percent, 35 percent; increases individual AMT exemption amount by \$4,500 single and \$9,000 joint for 2003-04.

- Capital gains and dividends. Taxed capital gains with a 15 percent rate for most gains and 5 percent for gains of moderate income taxpayers for 2003-07; becomes 15 percent/0 percent in 2008 and reverts to present law in 2009. Taxed dividends with a 15 percent/5 percent rate structure for 2003-07, 15 percent/0 percent in 2008, reverting to present law in 2009.
- Depreciation. Increased bonus depreciation or expensing to 50 percent for physical asset purchases for 2003-04, reverting to present law in 2005; increased section 179 (100 percent) expensing by raising expensible amounts from \$25,000 to \$100,000 and the phase-out threshold amount from \$200,000 to \$400,000.
- Aid to states. Provided states \$20 billion in fiscal relief over 2003-04.

The Job Creation and Worker Assistance Act of 2002 (JCWA)

- Depreciation allowances. Allowed additional first year depreciation or expensing equal to 30 percent of the adjusted basis of qualified property.
- Five-year carryback provisions. Allowed five-year carryback of net operating losses (NOLs). Temporarily extended the NOL carryback period from two to five years for NOLs arising in taxable years ending 2001 and 2002.
- Unemployment assistance. Provided up to 13 weeks of temporary extended unemployment benefits for eligible displaced workers.
- Expansion of Work Opportunity Tax Credit. Expanded targeted categories to include certain employees in New York City; created a new targeted group for the credit.
- New York. Authorized issuance of \$8 billion in tax-exempt private activity bonds for rebuilding the portion of New York City damaged in the September 11, 2001 attack. For New York Liberty Zone, increased the maximum dollar amount that may be deducted.
- Extensions of certain expiring provisions. Extended the following: AMT relief for individuals; credit for purchase of electric vehicles; Section 45 credit for production of electricity from wind, closed loop biomass, and poultry litter; Work Opportunity Tax Credit for two years; Welfare-To-Work Tax Credit for two years; deduction of qualified clean-fuel vehicle property and qualified clean-fuel vehicle refueling property; taxable income limit on percentage depletion for marginal production; authority to issue qualified zone academy bonds; increased carryover payments to

Puerto Rico and the Virgin Islands; tax failure to comply with mental health parity requirements; suspension of reduction of deductions for mutual life insurance companies; Archer medical savings accounts (MSAs); tax incentives for investments on Indian reservations; extended and modified exceptions under Subpart F for active financing income; repealed dyed-fuel requirements.

Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA)

- Individual income tax rate reductions. When fully-phased in 2006, levied a new 10 percent rate on the first \$12,000 of income for a married couple (\$10,000 for a single head of household and \$6,000 for an individual); the 15 percent rate begins thereafter; reduced 28 percent rate to 25 percent, the 31 percent rate to 28 percent, the 36 percent rate to 33 percent and the 39.6 percent rate to 35 percent. Repealed the phaseout of the itemized deduction and personal exemption by 2008. Made the 10 percent bracket retroactive, resulting in refund checks of up to \$300 for individuals and \$600 for couples 4-5 months hence.
- Child tax credit increase. Doubled the \$500 per child tax credit to \$1,000 and made it refundable for persons earning above \$10,000 to the extent of 10 percent for every dollar of earned income above \$10,000 up to the maximum per child. The refundability rate rises to 15 percent in 2005 and the \$10,000 threshold is indexed for inflation.
- Marriage penalty abatement. Lowered marriage penalties for couples by making the standard deduction and 15 percent bracket twice the size as for a single taxpayer.
- Child and dependent care tax credit increases. Provided a credit of 25 percent on expenditures for employer-provided childcare and increases the dependent care and adoption credits.
- Estate and gift tax reduction and elimination. Gradually reduced the estate and gift tax rate from 55 percent to 45 percent by 2007; raised the effective exemption from \$1 million in 2002 to 3.5\$ million in 2009. Eliminated the estate tax portion entirely in 2010 in lieu of a capital gains tax with high disregard (\$3.3 million) for transfers to a surviving spouse.
- PEPS and PEASE. Phased-in both the repeal of the personal exemption phase out (PEPS) and the repeal of the Pease cut back in itemized deductions, over five years.
- Retirement savings contribution ceiling increases. Increased IRA annual contribution limits from \$2,000 to \$5,000 and 401(k) limits from \$10,000 to \$15,000; allowed individuals 50 and older to make larger, catch-up contributions; permitted Roth 401(k)s beginning in 2006; and established a temporary credit for retirement savings for households earning \$50,000 or less.

- Education credit and deduction expansions. Among others, allowed \$4,000 maximum deduction of college tuition expenses; allowed tax-free distributions from pre-paid college tuition plans, allowed private institutions to offer these, and allowed taxpayers to simultaneously claim HOPE or Lifetime Learning credits in some instances; eliminated the 60 month limit on student loan interest deduction.

Internal Revenue Service Restructuring Act of 1998

- Mission statement revision. Directed IRS to revise its mission statement to provide greater emphasis on serving the public; replaced three-tier geographic organization with a structure that features operating units geared around different types of taxpayers and their specialized needs; created an independent appeals function within the IRS.
- IRS Oversight Board. Created board to oversee the administration, management, and conduct of the IRS, ensuring that the organization and operations of the IRS allow it to properly carry out its mission.
- Appointment and duties of IRS Commissioner and other appointed personnel. Gave Oversight Board authority to recommend candidates, who should have a strong management background, to the President, for appointment to a statutory five-year term (instead of a non-specific term), with the advice and consent of the Senate. President can still select and remove candidates.
- Taxpayer advocate role revision. Taxpayer Advocate now to be appointed by Secretary of the Treasury; limited the Advocate's former and future involvement with the IRS, and provided clearer definitions and limits on the scope of taxpayer assistance orders that the Advocate can issue.

Surface Transportation Revenue Act of 1998

- Motor fuels tax extension. Extended current taxes on varieties of motor fuels through 2003: 18.3 cents per gallon in gasoline, 24.3 cents per gallon on diesel and kerosene, 13.6 cents per gallon of propane, and 11.9 cents per gallon of liquefied natural gas, among others.

Taxpayer Relief Act of 1997

- Child tax credit. Introduced a child credit of \$500 per child per year.
- Education tax credit. Introduced the HOPE and Lifetime Learning non-refundable education credits. The Hope credit is the maximum of taxable income or \$1,500, per student for at most the first two years of school. The Lifetime Learning credit is the maximum of 20 percent of taxable income or \$1,000, per taxpayer return (rather than per student), with no limit on the number of years claimed.

- Estate and gift tax reductions. Boosted the present law unified credit beginning in 1998 from \$600,000 per person to \$1 million by 2006. Also indexed other estate and gift tax parameters, such as the \$10,000 annual gift exclusion, to inflation after 1998.
- Capital gains rates reduction. Reduced capital gains tax rates from 28 percent and 15 percent to 20 percent and 10 percent respectively.
- IRA modification. Extended AGI phaseouts for deductible IRAs, allowed tax-free withdrawals for first-time home purchases, created new Roth IRAs and education IRAs.
- Alternative minimum tax reductions. Repealed the AMT for small businesses (those averaging less than \$7.5 million in gross receipts in the prior three years), modified the depreciation adjustment used in the AMT calculation, and repealed the AMT installment method adjustment for farmers.
- Excise taxes. Phased-in 30 cents per pack increase in the cigarette tax. Extended air transportation excise taxes.

Revenue Provisions of the Health Insurance and Portability Act of 1996

- Medical savings accounts. Offered these IRA-like vehicles for the tax-advantaged accumulation of assets against possible medical expenses for employees covered under an employer-sponsored high deductible plan (e.g., at least a \$1,500 deductible) of a small employer and self-employed individuals, regardless of the size of the entity for which they perform work. Individual contributions to an MSA are deductible (within limits) in determining AGI (i.e., “above the line”); additionally, employer contributions are excludible from gross income.
- Health expense deduction increased for self-employed.
- Treatment of long-term care services and accelerated death benefits.
- Income tax exemption for state-sponsored health organizations covering high risk individuals.
- IRA withdrawals for health care expenses. Made such withdrawals penalty free.
- Group health plan requirements. Applied and enforced plan provisions to ensure genuine portability.

Revenue Provisions of the Small Business Job Protection Act of 1996

- Small business expensing increase. Increased the \$17,500 of qualified depreciable property allowable for expensing or immediate write-off to \$25,000.

- Social Security tax credit. Credit applicable to Social Security taxes paid with respect to employee cash tips.
- Pension simplification provisions. Included here are provisions allowing contributions to a spousal IRA for a non-working spouse (thus doubling potential maximum contributions from \$2,000 to \$4,000 for eligible participants), simplifying distributions from small business pension plans, tightening of nondiscrimination provisions, eliminating special aggregation rules applying to self-employed individual plans, and reform of miscellaneous pension rules governing state and local, special job-status or professional individuals.

Taxpayer Bill of Rights 2 of 1996

- Taxpayer Advocate. Established position of Taxpayer Advocate within the IRS, replacing Taxpayer Ombudsman. The Advocate is appointed by the Commissioner. The Advocate has four responsibilities: (1) assist taxpayers in resolving problems with the IRS, (2) identify problem areas where taxpayers have difficulty dealing with the IRS, (3) propose administrative changes within IRS that might mitigate these problem areas, and (4) identify potential legislative changes that might mitigate these problem areas.
- Installment agreement modification. Where the IRS enters into a paid installment agreement with taxpayers to facilitate the collection of taxes, it must notify said taxpayers within 30 days if such agreement is modified or terminated for any reason other than the collection of the tax is determined to be in jeopardy. Additionally, the IRS must establish procedures for independent administrative review of installment agreements that are modified or terminated.
- Interest and penalties abatement. IRS is directed to abate interest penalties against the taxpayer caused by any unreasonable error or delay on the part of IRS management.
- Other provisions. Re-examination of joint and several liability for spouses filing joint returns; flexibility in moderating collection activities according to level of compliance, and a number of other provisions that boost taxpayers' standing relative to the IRS in legal disputes.

Omnibus Budget Reconciliation Act of 1993

- Individual income tax rate increases. Imposed new higher tax rates of 36 percent and 39.6 percent. Increased tax rates and exemption amounts under the AMT. Permanently extended the itemized deduction limitation and the personal exemption phase-out legislated in OBRA 1990.
- Corporate tax rate increases. Increased corporate tax rate to 35 percent on income above \$10 million.

- Hospital Insurance wage base cap repeal. Repealed the cap on the HI tax base—set at \$135,000 in 1993—so that the HI tax applies to all income.
- Social Security benefit taxation expansion. Expanded the taxable portion of Social Security benefits from 50 percent to 85 percent, when modified AGI goes above \$44,000 for joint returns and \$34,000 for single returns.
- Motor fuels tax increase. Increased fuel taxes by 4.3 cents per gallon (plus extended the current motor fuels tax of 2.5 cents per gallon).
- Reduced business meals and entertainment deduction.
- EITC expansion. Extended EITC to single workers with no children earning \$9,000 or less.

Tax Extension Act of 1991

- Tax provision extensions. Provided a six-month extension for a number of tax provisions and credits facing expiration. Categories included research tax credits; exclusions for employer-provided educational assistance; targeted jobs credits; alternative energy credits; itemized deduction for health insurance costs; drug clinical testing credits; issuance authority for mortgage revenue bonds, certificates, and manufacturing/farm facility construction; credit for charitable contributions of appreciated tangible property.

Omnibus Budget Reconciliation Act of 1990

- Excise tax increases. Imposed a 30 percent excise tax on the amount of price over \$30,000 for autos, \$100,000 for boats, \$250,000 for airplanes, and \$10,000 for furs. Increased motor fuels taxes by 5 cents per gallon. Increased taxes on tobacco and alcoholic beverages: by 8 cents per pack of cigarettes, by \$1.00 per “proof gallon” of liquor; by 16 cents per six-pack of beer; and by 18 cents per bottle of table wine. Extended Airport and Airway trust fund taxes and increased them by 25 percent. Permanently extended 3 percent excise tax on telephone service.
- Individual income tax rate increases. Increased top statutory tax rate from 28 percent to 31 percent, and increased the individual alternative minimum tax rate from 21 percent to 24 percent. Capped the capital gains rate at 28 percent. Limited value of high income itemized deductions: reduced by 3 percent times the extent to which AGI exceeds \$100,000. Modified the “bubble”: temporarily created the personal exemption phase out applicable to the range of taxable income between \$150,000 and \$275,000.
- Payroll tax rate increases. Raised the cap on taxable wages for Hospital Insurance (Medicare) from \$53,400 to \$125,000. Extended social security taxes to state and

local employees without other pension coverage. Imposed a supplemental 0.2 percent unemployment insurance surtax.

- Earned income tax credit (EITC) expansion and other low-income credits. Adjusted EITC benefit levels and phase-in and phase-out rates for family size. Created a low-income credit for the premium costs of health insurance that includes coverage for children.
- Income tax base erosion. Extended expiring provisions: tax credits for research and exploration, low-income housing, business energy, targeted jobs, and orphan drugs; tax exemptions for mortgage revenues and issue bonds; exclusions for employer-provided legal and educational assistance; and 25 percent health insurance deduction for the self-employed. Extended and created new energy producer tax benefits: extended non-conventional fuels credit and tax incentives for ethanol production; created a new credit for enhanced oil recovery costs; amended percentage depletion; reduced alternative minimum tax preference treatment of energy items. Created a small-business oriented credit for accommodations for disabled persons. Modified estate “freeze” rules. Eliminated appreciation of certain donated property as a minimum tax preference item.
- Miscellaneous revenue-raisers. Permitted transfers from “over-funded” pension plans for retiree health; added chemicals subject to ozone-depleting chemicals tax; re-imposed Leaking Underground Storage Tank Trust Fund tax; reduced loss deductions by property and casualty insurance companies; improved IRS ability to obtain information from foreign corporations; increased harbor maintenance tax; reduced business income tax loopholes.

Omnibus Budget Reconciliation Act of 1989

- Limited tax deductions and exclusions for employee stock ownership plans.
- Increased fees and excise taxes on air travel, ozone-depleting chemicals, and oil spill liability.
- Repealed completed contract method of accounting.
- Modified the corporate alternative minimum tax.
- Extended expiring provisions: employer provided educational assistance; research and experimentation tax credit and allocation rules; low income housing credit.

Medicare Catastrophic Coverage Repeal Act of 1989

- Eliminated supplemental premium tax for Medicare catastrophic coverage.

Financial Institutions Reform, Recovery, and Enforcement Act of 1989

- Repealed three provisions that had provided tax relief to financially troubled thrift institutions.

Technical and Miscellaneous Revenue Act of 1988

- Passed technical corrections for the Tax Reform Act of 1986.
- Extended expiring provisions: research and experimentation tax credit and allocation rules; targeted jobs credit; mortgage subsidy bonds; employer-provided educational assistance and group legal services; FSLIC relief provisions, and mutual fund expense exclusion.
- Restricted single premium life insurance, Alaskan Native Corporations, and completed contract accounting rules; and accelerated corporate estimated tax payments.

Medicare Catastrophic Coverage Act of 1988

- Passed new supplemental premium tax on all persons eligible for Medicare. Premium rate was 15 percent of individual income tax liability in excess of \$150, increased to 28 percent in 1993. Premium limited to \$800 in 1989, raised to \$1,050 in 1993, with future premium cap dependent on medical care costs after 1993.

The Family Security Act of 1988

- Extended the debt refund offset provision.
- Tightened eligibility for the dependent care credit.
- Required taxpayer identification number for younger children.

Continuing Resolution for Fiscal Year 1988

- Increased IRS funding for more enforcement staff and equipment.

Airport and Airway Trust Fund Extension of 1987

- Extended airport and airway trust excise tax.

Omnibus Budget Reconciliation Act of 1987

- Repealed installment sales method of accounting for dealers and vacation pay reserve.
- Tightened completed contract method of accounting.
- Reduced inter-corporate dividends received deduction.
- Accelerated corporate estimated tax payments.
- Limited employer deductible contributions to defined benefit pension plans.
- Limited mortgage interest deduction to debt less than \$1 million and home equity loans of less than \$100,000.

- Extended telephone excise tax, FUTA tax, 55 percent estate tax rate, and employer Social Security to cover cash tips.
- Increased IRS and BATF fees.

Continuing Resolution for Fiscal Year 1987

- Increased Internal Revenue Service funding for staffing and equipment.
- Established Immigration and Naturalization Service inspection fee.

Superfund Amendments and Reauthorization Act of 1986

- Enacted excise tax of 8.2 cents per barrel on domestic crude oil and 11.7 cents per barrel on imported petroleum products.
- Enacted new broad-based tax on all corporations equal to 0.12 percent of alternative minimum taxable income in excess of \$2 million.
- Enacted a 0.1 cent per gallon excise tax on gasoline, diesel fuels and other special motor fuels to finance cleanup of wastes from leaking underground petroleum storage tanks.

Omnibus Budget Reconciliation Act of 1986

- Accelerated state and local government deposits of Social Security payroll taxes.
- Accelerated collections of alcohol and tobacco excise taxes.
- Increased substantial underpayment penalty and penalty for failure to comply with deposit requirements.
- Increased customs user fee on value of imported merchandise.

Tax Reform Act of 1986

- Individual income tax provisions. Lowered top marginal tax rate to 28 percent; increased standard deduction to \$5,000 for married couples; increased personal exemption to \$2,000; and increased earned income tax credit.
- Repealed two-earner deduction, long-term capital gains exclusion, state and local sales tax deduction, income averaging, and exclusion of unemployment benefits. Limited IRA eligibility, consumer interest deduction, deductibility of “passive” losses, medical expenses deductions, deduction for business meals and entertainment, pension contributions, and miscellaneous expense deduction.
- Reduced top corporate marginal tax rate to 34 percent, and tightened corporate minimum tax.
- Repealed the investment tax credit and lengthened capital cost recovery periods.
- Further tightened state volume limitations for private purpose tax-exempt bonds.
- Extended research and experimentation credit: initiated new low-income housing tax credit and phased in deductibility of health insurance costs of self-employed individuals.

Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA)

- Permanently extended 16 cents per pack cigarette excise tax.
- Enacted new excise tax on smokeless tobacco.
- Increased excise tax on coal production.
- Extended hospital insurance coverage to new state and local government employees.
- Repealed income averaging for former students.

Deficit Reduction Act of 1984

- Increased excise taxes. Increased distilled spirits excise tax and extended telephone excise tax.
- Restrictions on leasing. Reduced benefits from tax-exempt leasing and postponed effective date of liberalized finance leasing rules.
- Increased depreciable life of structures from 15 to 18 years.
- Placed state volume limitation on private purpose tax exempt bonds.
- Placed time value of money restrictions on accounting rules.
- Repealed net interest exclusion (ERTA provision) before its effective date.
- Reduced long-term capital gains holding period from one year to six months.

Social Security Amendments of 1983

- Accelerated scheduled increases in OASDI payroll tax rate.
- Taxed some Social Security benefits. At most 50 percent of Social Security benefits subject to tax if income exceeds \$25,000 for a single taxpayer or \$32,000 for a joint return.

Interest and Dividends Tax Compliance Act of 1983

- Repealed interest and dividend withholding and replaced with “backup withholding” and expanded information reporting.
- Enacted Caribbean Basin Initiative (CBI) tax benefits.

Railroad Retirement Revenue Act of 1983

- Increased railroad retirement payroll taxes and railroad unemployment insurance taxes.
- Taxed railroad retirement pension plan benefits.

Tax Equity and Fiscal Responsibility Act of 1982

- Improvements in compliance and collection. Imposed withholding on interest and dividends; further accelerated corporate estimated tax payments; expanded information reporting; and increased penalties on non-compliance.

- Reduction in unintended benefits and obsolete incentives. Strengthened individual minimum tax; repealed future acceleration of depreciation allowances; repealed safe-harbor leasing; and tightened completed contract method of accounting rules.
- Increased excise taxes. Increased airport and airway trust fund taxes, cigarette excise taxes, and telephone excise tax.
- Increased employment taxes. Increased FUTA tax rate and wage base, and extended hospital insurance taxes to Federal employees.

Highway Revenue Act of 1982

- Increased excise tax on gasoline and diesel fuel from 4 to 9 cents per gallon for 5 years.

Economic Recovery Tax Act of 1981

- Individual income tax reductions. Reduced marginal tax rates 23 percent over three years; reduced maximum rate to 50 percent and maximum capital gains rate to 20 percent; indexed income tax brackets, personal exemption and standard deduction for inflation beginning in 1985; and provided new deduction for two-earner married couples.
 - Capital cost recovery provisions. Replaced facts and circumstances and the Asset Depreciation Range guidelines with Accelerated Cost Recovery System. Faster write-off of capital expenditures under simplified rules. Most equipment written off over 5 years, structures over 15 years. Allowed liberalized “safe-harbor” leasing rules, which effectively allowed companies to sell tax losses.
 - Savings incentives. Extended eligibility for IRA's to include active participants in employer pension plans. Increased Keogh annual contribution limit to \$15,000.
 - Estate and gift tax provisions. Permitted unlimited marital deduction: increased estate credit to exempt from tax all estates of \$600,000 or less; and reduced maximum estate tax rate from 70 to 50 percent.
 - Accelerated corporated estimated tax payments and tightened rules on tax straddles with mark-to-market rule.
-

RELATED TPC LINKS TO LEGISLATION

Pension Protection Act of 2006

Related TPC Publications

- [Penalties on IRAs and 401\(k\)s by Peter Orszag, August 15, 2005.](#)
- [The Automatic 401\(k\): A Simple Way To Strengthen Retirement Saving by William G. Gale, J. Mark Iwry, Peter Orszag, March 7, 2005.](#)
- [Progressivity and Government Incentives to Save by Robert Greenstein and Peter R. Orszag, October 8, 2003.](#)
- [Private Pensions: Issues and Options by William G. Gale and Peter Orszag, April 16, 2003.](#)

Related Tables on 2006 Legislation

- [T06-0240 - H.R. 4 as Passed by the House and Senate: The Pension Protection Act of 2006, Distribution of Federal Tax Change by Cash Income Class, 2011](#)
- [T06-0241 - H.R. 4 as Passed by the House and Senate: The Pension Protection Act of 2006, Distribution of Federal Tax Change by Cash Income Percentile, 2011](#)

More Related Tables

JCT Revenue Table

Tax Increase Prevention and Reconciliation Act of 2005 (TIPRA)

Related TPC Publications

- [Roth Conversions as Revenue Raisers: Smoke and Mirrors by Leonard E. Burman, May 11, 2006.](#)

Related TPC Tables

- [T06-0093 - Conference Agreement on the Tax Increase Prevention and Reconciliation Act of 2005, Fully-Phased In Impact of Major Provisions at 2006 Income Levels, With Financing Proportional to Individual Income Tax, Distribution by Cash Income Percentile](#)

- [T06-0092 - Conference Agreement on the Tax Increase Prevention and Reconciliation Act of 2005, Fully-Phased In Impact of Major Provisions at 2006 Income Levels, With Financing Proportional to Individual Income Tax, Distribution by Cash Income Class](#)

[More Related TPC Tables](#)

[JCT Revenue Table](#)

American Jobs Creation Act of 2004 (AJCA)

[Related TPC Publications](#)

- [The American Jobs Creation Act of 2004 Creating Jobs for Accountants and Lawyers by Kimberly A. Clausen, December 01, 2004.](#)
- [Bush Administration Tax Policy: Summary and Outlook by William G. Gale and Peter Orszag, November 29, 2004.](#)
- [Executive Compensation Reform and the Limits of Tax Policy, Michael Doran, November 23, 2004.](#)

[More Related TPC Publications on 2004 Legislation](#)

[JCT Revenue Table](#)

Working Families Tax Relief Act of 2004 (WFTRA)

[Related TPC Tables](#)

- [T04-0149 - Conference Agreement on H.R. 1308, The Working Families Tax Relief Act of 2004: Distribution of Individual Income Tax Change by Cash Income Percentiles, 2005](#)
- [T04-0145 - Conference Agreement on H.R. 1308, The Working Families Tax Relief Act of 2004: Distribution of Individual Income Tax Change by Cash Income Class, 2005](#)
- [T06-0033 - Combined Effect of EGTRRA, JGTRRA, and WFTRA With Extension of 2005 AMT Relief, Indexed for Inflation versus Pre-EGTRRA baseline, Distribution of Federal Tax Change by Cash Income Class, 2006](#)

[More Related Tables](#)

[JCT Revenue Table](#)

The Jobs and Growth Tax Relief Reconciliation Act of 2003 (JGTRRA) and other 2003 Legislation

Related TPC Publications on 2003 Legislation

- [Preferential Capital Gains Tax Rates, Deborah Kobes, Leonard E. Burman, January 19, 2004.](#)
- [HSAs Won't Cure Medicare's Ills, Leonard E. Burman, Linda J. Blumberg, November 21, 2003.](#)
- [Short-Term Stimulus, Long-Term Growth and JGTRRA, Testimony to United States Senate, Democratic Policy Committee, June 9, 2003, William G. Gale.](#)
- [Congress Morphs an 'Itty-Bitty' Tax Cut Into a Budget Buster by Leonard E. Burman and Peter Orszag, May 20, 2003.](#)
- [Taxing Capital Income Once by Leonard E. Burman, January 21, 2003.](#)
- [The Administration's Proposal to Cut Dividend and Capital Gains Taxes by William G. Gale and Peter Orszag, January 20, 2003.](#)
- [About Half of Dividend Payments Do Not Face Double Taxation by William G. Gale, November 11, 2002.](#)

[More Related TPC Publications](#)

Related TPC Tables on 2003 Legislation

- [T03-0109 - Conference Agreement on the Jobs and Growth Tax Relief Reconciliation Act of 2003: Distribution of Income Tax Change by AGI Class, 2004](#)
- [T03-0108 - Conference Agreement on the Jobs and Growth Tax Relief Reconciliation Act of 2003: Distribution of Income Tax Change by Percentiles, 2003](#)
- [T03-0080 - Tax Dividends and Long-Term Capital Gains at 15-Percent: Distribution of Individual Income Tax Change by AGI Class, 2004](#)

[More Related TPC Tables](#)

JCT Revenue Tables and Summaries

- [Military Family Tax Relief Act](#) (table)
- [Military Family Tax Relief Act](#) (summary)
- [JGTRRA](#) (table)
- [JGTRRA](#) (summary)
- [Medicare Prescription Drug, Improvement, and Modernization Act of 2003](#) (table)

The Job Creation and Worker Assistance Act of 2002 (JCWA)

Related TPC Tables

- [T04-0051 - EGTRRA, JCWA, and JGTRRA: Distribution of Individual Income, Corporate, and Estate Tax Change by Cash Income Class, 2004](#)
- [T04-0056 - Non-"Middle-Class Provisions" in EGTRRA, JCWA, and JGTRRA: Distribution of Individual Income, Corporate, and Estate Tax Change by Cash Income Percentiles, 2004](#)

More Related TPC Tables

JCT Summary

JCT Revenue Table

Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA)

- [EGTRRA: Which Provisions Spell the Most Relief? by Leonard E. Burman, Jeff Rohaly, Elaine Maag, June 24, 2002.](#)
- [The Bush Tax Cut: One Year Later, William Gale and Samara Potter, June 2002.](#)
- [The Effect of the 2001 Tax Cut on Low- and Middle-Income Families and Children by Leonard E. Burman, Elaine Maag, Jeff Rohaly, April 29, 2002.](#)
- [An Economic Evaluation of the Economic Growth and Tax Relief Reconciliation Act of 2001 William G. Gale and Samara R. Potter Brookings Institution March, 2002.](#)

- [The Estate Tax Is Down, But Not Out by Leonard E. Burman and William G. Gale, December 01, 2001.](#)

[More Related TPC Publications](#)

[Related TPC Tables for 2001 Tax Cuts](#)

- [T02-0021 - EGTRRA: Distribution of Income Tax Change by AGI Class, 2002](#)
- [T02-0024 - EGTRRA: Distribution of Income Tax Change by Percentiles, 2010](#)
- [T02-0022 - EGTRRA: Distribution of Income Tax Change by Percentiles, 2002](#)

[More Related TPC Tables](#)

- [Accelerate Provisions in EGTRRA](#)
- [Make Provisions in EGTRRA Permanent](#)
- [Freeze Provisions in EGTRRA](#)
- [EGTRRA and JGTRRA Combined](#)

[JCT Summary](#)

[JCT Revenue Table](#)

Sources: U. S. Department of the Treasury, Office of Tax Analysis (November 1, 1988); and Office of Management and Budget, Budget of the United States Government, various fiscal years. Summary of 1990 OBRA abstracted from U. S. House of Representatives Budget Committee, "Summary of Reconciliation Conference Report," October 1990. Joint Committee on Taxation budget estimates and technical explanations used for 1996 and later. Library of Congress public law summaries used for 2001 and later.

Selected Provisions of Major Tax Legislation by Effective Date 2001 - 2006

PROVISION	Pre-EGTRRA	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
10 Percent Tax Bracket		Creates new lowest tax bracket: Single Filers may have income of up to \$6,000; joint filers up to \$12,000; heads of households up to \$10,000		Single filers up to \$7,000; joint up to \$14,000; and heads of household up to \$10,000 indexed from 2003 (\$6,000; \$12,000; \$10,000)		Single filers, up to \$7,000; joint filers \$14,000; HOH \$10,000; indexed from 2003 (\$6,000; \$12,000; \$10,000)			Single filers, up to \$7,000; joint filers \$14,000; HOH \$10,000; indexed from 2003 (\$7,000; \$14,000; \$10,000 in 2008 indexed thereafter)			Sunset
Higher Tax Brackets (Percent)	39.6; 36; 31; 28	39.1; 35.5; 30.5; 27.5	38.6; 35; 30; 27	35; 33; 28; 25	35; 33; 28; 25				35;33;28;25			Sunset
Rate on Capital Gains	10% for taxpayers in the 15% bracket or below; 20% for others			5% for taxpayers in the 15% bracket (and 0% in 2008); 15% for others (after May 6, 2003)					5% for taxpayers in the 15% bracket, 15% for others		Sunset	
Rate on Dividends	Ordinary Rates			5% for taxpayers in the 15% bracket (and 0% in 2008); 15% for others					5% for taxpayers in 15% bracket, 15% for others		Sunset	
Limitations on Itemized Deductions and Personal Exemptions	No Change					Limits reduced by 1/3		Limits reduced by 2/3		No Limits		Sunset
Child Credit	\$500 with limited refundability	\$600	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	Sunset		
		Refundable up to 10% earned income above \$10,000; threshold indexed after 2001		Refundable up to 15%	Refundable up to 15% of earned income above \$10,000; threshold indexed after 2001						Sunset	
Dependent Care Credit	Maximum expenditure eligible for credit is \$2,400 for one child, \$4,800 for 2 or more; maximum credit is 20% to 30% of expenditures		Maximum of \$3,000 of eligible expenses for 1 child; \$6,000 for 2 or more; maximum credit of 35% (phasing down to 20% beginning at \$15,000 in adjusted gross income)									Sunset

Standard Deduction and 15 Percent Bracket for Joint Filers	167% of that for single filers		200% of that for single filers		200% of that for single filers (until 2008 for 15 percent bracket threshold)			200% of that for single filers		Sunset
Earned Income Tax Credit for Joint Filers	Level of income at which the earned income credit starts to phase out is indexed, depends on number of children		starting point and ending point of phaseout are increased by \$1,000			Increased by \$2,000		Increased by \$3,000	Increased by \$3,000; indexed after 2008	Sunset
AMT Exemption	\$33,750 for single filers, \$45,000 for joint filers	\$35,750 for single filers; \$49,000 for joint filers	\$40,250 for single filers; \$58,000 for joint filers		\$40,250 for single filers; \$58,000 for joint filers	\$42,500 for single filers; \$62,550 for married filers				
Depreciation Deduction of Basis of Qualified Property	No Additional Depreciation		30% of basis deductible in first year	50% of basis deductible in first year						
Annual Contribution Limit for IRAs	\$2,000		\$2,000 (\$500 catch up over age 50)	\$3,000 (\$500 catch up over age 50)		\$4,000 (\$500 catch up)	\$4,000 (\$1,000 catch up)	\$5,000 (\$1,000 catch up) (permanent)		
Annual Contribution Limits for 401(k), 403(b), & 457 plans	\$10,500		\$11,000 (\$1,000 catch up)	\$12,000 (\$2,000 catch up)	\$13,000 (\$3,000 catch up)	\$14,000 (\$4,000 catch up)	\$15,000 (\$5,000 catch up)	\$15,000 adjusted for inflation (permanent)		
Annual Contribution Limit for Education IRA	\$500		\$2,000							Sunset

Estate and Gift Tax Exemption			\$1,000,000	\$1,500,000		\$2,000,000		\$3,500,000	Estate Tax Repealed	Sunset
Estate and Gift Tax Top Marginal Rate			50%	49%	48%	47%	46%	45%	Estate Tax Repealed	Sunset

Sources: Joint Committee on Taxation

KEY	
	Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA)
	The Jobs and Growth Tax Relief Reconciliation Act of 2003 (JGTRRA)
	Working Families Tax Relief Act of 2004
	Tax Increase Prevention and Reconciliation Act of 2005 (TIPRA)
	Pension Protection Act of 2006

SELECTED PROVISIONS OF MAJOR TAX LEGISLATION BY ACT 2001 - 2006

PROVISION	EGTRRA 2001	JCWA 2002	JGTRRA 2003	WFTRA 2004	AJCA 2004	TIPRA 2005	PPA 2006
Tax Rates	Reduced the 28%, 31%, 36%, and 39.6% tax brackets by about one percentage point annually to 25%, 28%, 33%, and 35% respectively		Individual income tax rate reductions scheduled to begin in 2006 under EGTRRA begin in 2003				
Tax Brackets	Created a new 10% rate on the first \$12,000 of income for a married couple (\$10,000 for HOH, \$6,000 for individual), increases to \$14,000 from 2008 for joint filers and \$7,000 for single filers		Revises the expansion of the 10% bracket to \$14,000 through 2004 and \$12,000 for 2005 to 2007 for joint filers	Extended the doubled 15% bracket for joint filers and the 10% bracket			
Deductions	Increased the standard deduction for joint filers (will be 2x single filer by 2009); limited tax deduction until 12/31/05 for qualified higher education expenses		Accelerated Increase in the Standard Deduction for joint filers from EGTRRA to begin in 2003 rather than gradually to 2009	Extends standard deduction increase for married taxpayers 2005 thru 2009			

Exclusions	Permanently extends exclusion of employer provided education assistance; excludes any fringe benefit for qualified retirement planning service				Repeals the exclusion for extraterritorial income (ETI ruled illegal by WTO); Allowed transitional relief for taxpayers subject to the ETI repeal by allowing a tax exclusion of 80% in 2005 and 60% in 2006 of extraterritorial income	Extends certain exemptions for income of controlled foreign corporations thru 2008; Foreign earned income exemption is adjusted for inflation beginning in 2006 instead of 2008	Permanently extends EGTRRA modifications to qualified tuition program rules including tax exempt withdrawals from qualified tuition accounts
AMT	Increased exemption by \$4,000 for married couples filing jointly and surviving spouses and by \$2,000 for other filing categories (to \$35,750 and \$49,000)		Increases \$49,000 and \$35,750 for 2001-2004 exemptions to \$58,000 and \$40,250 for 2003 and 2004 respectively	Exemption extended through 2005		Exemption increased to \$42,500 for single filers; \$62,550 for married filers (extended through 2006)	
IRAs / Pension	Annual dollar contribution limit raised to \$3,000 for 2002-2004, \$4,000 for 2005-2007, and \$5,000 for 2008 and thereafter; Annual contribution limits for 401(k)s increased to \$15,000 over four years; Increases from \$500 to \$2,000 annual limitation on contributions to Education IRAs					Allows taxpayers to convert traditional IRA balances into Roth IRAs; eliminates the income limit (\$100,000) on Roth IRA conversions starting in 2010	Makes permanent certain EGTRRA provisions, including increases in annual contribution limits for IRAs, 401(k)s

<p style="text-align: center;">Tax Credits</p>	<p>Child Tax Credit increased to \$1,000 (portion refundable), applicable to regular income and AMT; extends permanently the adoption credit for children other than special needs children, and allowance of credit against the AMT; Establishes an employer-provided child care credit (25% of qualified child care expenses, 10% qualified child care resource and referral expenditures) EITC: increases the phase out of the earned income credit on joint returns by \$1,000 for 2002-2004, \$2,000 for 2005-2007; \$3,000 for 2007 +, also repeals reduction of the credit by amount of an individual's AMT</p>	<p>Expanded the work opportunity tax credit to include certain NY Liberty Zone business employees (against both regular and alternative minimum tax); extended credit for qualified electric vehicles, work opportunity credit, welfare-to-work credit, etc., extension of allowance of nonrefundable personal credits against regular and minimum tax liability</p>	<p>Child Tax Credit: Accelerated increase to \$1000 from EGTRRA scheduled for 2005 to include 2003 and 2004</p>	<p>Child Tax Credit extended 2005-2009 (repealed scheduled reductions) and made refundable up to 15% from 10%; Extension of expiring provisions: credit for increasing research activities, work opportunity tax credit, welfare-to-work tax credit</p>	<p>Allows companies to carry foreign tax credits forward for 10 years (increased from 5); business tax credit for biodiesel used as fuel in trade or business; extends through 2010 tax credit for alcohol used as fuel</p>		<p>Extends certain rules regarding coordination of Hope and lifetime learning credit provisions from EGTRRA</p>
---	--	--	--	--	---	--	---

<p>Business (Expensing, Depreciation)</p>		<p>Allowed an additional first year 30% depreciation allowance for property acquired between 9/10/01 and 9/11/04 for both regular tax and AMT purposes; Extended the net operating loss carryback period from 2 to 5 years for such business losses between those same dates</p>	<p>Bonus depreciation or expensing for property acquired in 2001-2004 under EGTRRA increased from 30% to 50% (reverts to original after 2005)</p>		<p>Expensing of small business assets up to \$100,000 was extended for two additional years; 15 year recovery period for depreciation of certain leasehold improvements; 9% deduction for domestic production activities; temporary holiday for dividend reparation</p>	<p>Increases estimated tax payments for corporations with assets of at least \$1 billion for third quarters of 2006, 2012, 2013, delays the payment date of certain corporate estimated taxes in Sept. 2010 and 2011</p>	
<p>Capital Gains, Dividends</p>			<p>Reduces for regular income tax and AMT, the 10% and 20% adjusted net capital gains rates to 5% and 15% respectively beginning after 5/6/03; taxation of dividends at the above net capital gain rates</p>			<p>Reductions in capital gains and dividends tax rates enacted by JGTRRA extended through 2010; sale or exchange of a musical composition or copyright is subject to capital gains treatment (through 12/31/10)</p>	
<p>Tax Compliance / Penalties</p>					<p>Penalties for failure to disclose certain tax shelters and for promoters of abusive tax shelters</p>	<p>Imposes an excise tax penalty on certain tax-exempt entities for participation in prohibited tax shelter activities</p>	

<p>Other</p>	<p>Gradually reduced the estate and gift tax from 55% to 45% by 2007, increased exemption from \$1 million in 2002 to \$3.5 million in 2009, repealed estate and generation-skipping transfer taxes (effective January 1, 2010)</p>	<p>Allows for temporary extended unemployment compensation to extend up to an additional 13 weeks; Allows use of electronic 1099 forms; Reauthorizes TANF supplemental grants, 1 year extension of TANF contingency fund</p>	<p>Temporary state fiscal relief: \$10 billion for Medicaid assistance through 9/30/04</p>	<p>Medicare: exclusion of the additional tax on distributions from Health Savings Accounts not used to qualify for medical expenses in the definition of regular tax liability</p>	<p>\$10 billion tobacco quota-holders buyout; series of tax breaks to narrow interests (deductions for whaling, more generous tax treatment of sonar fishing devices)</p>	<p>Repeals the binding contract exemption from the repeal of the tax exclusion for extraterritorial income</p>	<p>Establishes new minimum financing standards for single-employers and multiemployer defined benefit pension plans and increases the deduction limits for single-employers and multiemployer plans</p>
---------------------	---	--	--	--	---	--	---

Sources: Joint Committee on Taxation budget estimates and technical explanations; Library of Congress public law summaries.