

**AMENDMENT IN THE NATURE OF A SUBSTITUTE  
TO RULES COMMITTEE PRINT 112-32 (TEXT  
OF H.R. 3409)  
OFFERED BY MR. LEVIN OF MICHIGAN**

Strike section 1 and all that follows and insert the following:

**1 SECTION 1. SHORT TITLE; ETC.**

2 (a) SHORT TITLE.—This Act may be cited as the  
3 “Middle Class Tax Cut Act”.

4 (b) AMENDMENT OF 1986 CODE.—Except as other-  
5 wise expressly provided, whenever in this Act an amend-  
6 ment or repeal is expressed in terms of an amendment  
7 to, or repeal of, a section or other provision, the reference  
8 shall be considered to be made to a section or other provi-  
9 sion of the Internal Revenue Code of 1986.

10 (c) TABLE OF CONTENTS.—The table of contents of  
11 this Act is as follows:

Sec. 1. Short title; etc.

TITLE I—TEMPORARY EXTENSION OF TAX RELIEF

Sec. 101. Temporary extension of 2001 tax relief.

Sec. 102. Temporary extension of 2003 tax relief.

Sec. 103. Temporary extension of 2010 tax relief.

Sec. 104. Temporary extension of election to expense certain depreciable busi-  
ness assets.

TITLE II—ALTERNATIVE MINIMUM TAX RELIEF

- Sec. 201. Temporary extension of increased alternative minimum tax exemption amount.
- Sec. 202. Temporary extension of alternative minimum tax relief for nonrefundable personal credits.

TITLE III—TREATMENT FOR PAYGO PURPOSES

Sec. 301. Treatment for PAYGO purposes.

1                   **TITLE I—TEMPORARY**  
 2                   **EXTENSION OF TAX RELIEF**

3 **SEC. 101. TEMPORARY EXTENSION OF 2001 TAX RELIEF.**

4           (a) TEMPORARY EXTENSION.—

5                   (1) IN GENERAL.—Section 901(a)(1) of the  
 6           Economic Growth and Tax Relief Reconciliation Act  
 7           of 2001 is amended by striking “December 31,  
 8           2012” and inserting “December 31, 2013”.

9                   (2) EFFECTIVE DATE.—The amendment made  
 10          by this subsection shall take effect as if included in  
 11          the enactment of the Economic Growth and Tax Re-  
 12          lief Reconciliation Act of 2001.

13          (b) APPLICATION TO CERTAIN HIGH-INCOME TAX-  
14 PAYERS.—

15                   (1) INCOME TAX RATES.—

16                           (A) TREATMENT OF 25- AND 28-PERCENT  
 17           RATE BRACKETS.—Paragraph (2) of section  
 18           1(i) is amended to read as follows:

19                           “(2) 25- AND 28-PERCENT RATE BRACKETS.—  
 20           The tables under subsections (a), (b), (c), (d), and  
 21           (e) shall be applied—

1           “(A) by substituting ‘25%’ for ‘28%’ each  
2 place it appears (before the application of sub-  
3 paragraph (B)), and

4           “(B) by substituting ‘28%’ for ‘31%’ each  
5 place it appears.”.

6           (B) 33-PERCENT RATE BRACKET.—Sub-  
7 section (i) of section 1 is amended by redesignig-  
8 nating paragraph (3) as paragraph (4) and by  
9 inserting after paragraph (2) the following new  
10 paragraph:

11           “(3) 33-PERCENT RATE BRACKET.—

12           “(A) IN GENERAL.—In the case of taxable  
13 years beginning after December 31, 2012—

14           “(i) the rate of tax under subsections  
15 (a), (b), (c), and (d) on a taxpayer’s tax-  
16 able income in the fourth rate bracket shall  
17 be 33 percent to the extent such income  
18 does not exceed an amount equal to the ex-  
19 cess of—

20           “(I) the applicable amount, over

21           “(II) the dollar amount at which  
22 such bracket begins, and

23           “(ii) the 36 percent rate of tax under  
24 such subsections shall apply only to the  
25 taxpayer’s taxable income in such bracket

1 in excess of the amount to which clause (i)  
2 applies.

3 “(B) APPLICABLE AMOUNT.—For purposes  
4 of this paragraph, the term ‘applicable amount’  
5 means the excess of—

6 “(i) the applicable threshold, over

7 “(ii) the sum of the following amounts  
8 in effect for the taxable year:

9 “(I) the basic standard deduction  
10 (within the meaning of section  
11 63(c)(2)), and

12 “(II) the exemption amount  
13 (within the meaning of section  
14 151(d)(1)) (or, in the case of sub-  
15 section (a), 2 such exemption  
16 amounts).

17 “(C) APPLICABLE THRESHOLD.—For pur-  
18 poses of this paragraph, the term ‘applicable  
19 threshold’ means—

20 “(i) \$250,000 in the case of sub-  
21 section (a),

22 “(ii) \$225,000 in the case of sub-  
23 section (b),

24 “(iii) \$200,000 in the case of sub-  
25 sections (c), and

1                   “(iv) 1/2 the amount applicable under  
2                   clause (i) (after adjustment, if any, under  
3                   subparagraph (E)) in the case of sub-  
4                   section (d).

5                   “(D) FOURTH RATE BRACKET.—For pur-  
6                   poses of this paragraph, the term ‘fourth rate  
7                   bracket’ means the bracket which would (deter-  
8                   mined without regard to this paragraph) be the  
9                   36-percent rate bracket.

10                   “(E) INFLATION ADJUSTMENT.—For pur-  
11                   poses of this paragraph, with respect to taxable  
12                   years beginning in calendar years after 2012,  
13                   each of the dollar amounts under clauses (i),  
14                   (ii), and (iii) of subparagraph (C) shall be ad-  
15                   justed in the same manner as under paragraph  
16                   (1)(C), except that subsection (f)(3)(B) shall be  
17                   applied by substituting ‘2008’ for ‘1992’.”.

18                   (2) PHASEOUT OF PERSONAL EXEMPTIONS AND  
19                   ITEMIZED DEDUCTIONS.—

20                   (A) OVERALL LIMITATION ON ITEMIZED  
21                   DEDUCTIONS.—Section 68 is amended—

22                   (i) by striking “the applicable  
23                   amount” the first place it appears in sub-  
24                   section (a) and inserting “the applicable  
25                   threshold in effect under section 1(i)(3)”,

1 (ii) by striking “the applicable  
2 amount” in subsection (a)(1) and inserting  
3 “such applicable threshold”,

4 (iii) by striking subsection (b) and re-  
5 designating subsections (c), (d), and (e) as  
6 subsections (b), (c), and (d), respectively,  
7 and

8 (iv) by striking subsections (f) and  
9 (g).

10 (B) PHASEOUT OF DEDUCTIONS FOR PER-  
11 SONAL EXEMPTIONS.—

12 (i) IN GENERAL.—Paragraph (3) of  
13 section 151(d) is amended—

14 (I) by striking “the threshold  
15 amount” in subparagraphs (A) and  
16 (B) and inserting “the applicable  
17 threshold in effect under section  
18 1(i)(3)”,

19 (II) by striking subparagraph (C)  
20 and redesignating subparagraph (D)  
21 as subparagraph (C), and

22 (III) by striking subparagraphs  
23 (E) and (F).

1 (ii) CONFORMING AMENDMENTS.—  
2 Paragraph (4) of section 151(d) is amend-  
3 ed—

4 (I) by striking subparagraph (B),  
5 (II) by redesignating clauses (i)  
6 and (ii) of subparagraph (A) as sub-  
7 paragraphs (A) and (B), respectively,  
8 and by indenting such subparagraphs  
9 (as so redesignated) accordingly, and  
10 (III) by striking all that precedes  
11 “in a calendar year after 1989,” and  
12 inserting the following:

13 “(4) INFLATION ADJUSTMENT.—In the case of  
14 any taxable year beginning”.

15 (c) EFFECTIVE DATE.—Except as otherwise pro-  
16 vided, the amendments made by this section shall apply  
17 to taxable years beginning after December 31, 2012.

18 (d) APPLICATION OF EGTRRA SUNSET.—Each  
19 amendment made by subsection (b) shall be subject to title  
20 IX of the Economic Growth and Tax Relief Reconciliation  
21 Act of 2001 to the same extent and in the same manner  
22 as if such amendment was included in title I of such Act.

23 **SEC. 102. TEMPORARY EXTENSION OF 2003 TAX RELIEF.**

24 (a) EXTENSION.—

1           (1) IN GENERAL.—Section 303 of the Jobs and  
2           Growth Tax Relief Reconciliation Act of 2003 is  
3           amended by striking “December 31, 2012” and in-  
4           serting “December 31, 2013”.

5           (2) EFFECTIVE DATE.—The amendment made  
6           by this subsection shall take effect as if included in  
7           the enactment of the Jobs and Growth Tax Relief  
8           Reconciliation Act of 2003.

9           (b) 20-PERCENT CAPITAL GAINS RATE FOR CERTAIN  
10          HIGH INCOME INDIVIDUALS.—

11           (1) IN GENERAL.—Paragraph (1) of section  
12           1(h) is amended by striking subparagraph (C), by  
13           redesignating subparagraphs (D) and (E) as sub-  
14           paragraphs (E) and (F) and by inserting after sub-  
15           paragraph (B) the following new subparagraphs:

16                   “(C) 15 percent of the lesser of—

17                           “(i) so much of the adjusted net cap-  
18                           ital gain (or, if less, taxable income) as ex-  
19                           ceeds the amount on which a tax is deter-  
20                           mined under subparagraph (B), or

21                           “(ii) the excess (if any) of—

22                                   “(I) the amount of taxable in-  
23                                   come which would (without regard to  
24                                   this paragraph) be taxed at a rate  
25                                   below 36 percent, over



1                   “(II) the sum of the amounts on  
2                   which a tax is determined under sub-  
3                   paragraphs (A) and (B),

4                   “(D) 20 percent of the adjusted net capital  
5                   gain (or, if less, taxable income) in excess of the  
6                   sum of the amounts on which tax is determined  
7                   under subparagraphs (B) and (C),”.

8                   (2) MINIMUM TAX.—Paragraph (3) of section  
9                   55(b) is amended by striking subparagraph (C), by  
10                  redesignating subparagraph (D) as subparagraph  
11                  (E), and by inserting after subparagraph (B) the  
12                  following new subparagraphs:

13                  “(C) 15 percent of the lesser of—

14                         “(i) so much of the adjusted net cap-  
15                         ital gain (or, if less, taxable excess) as ex-  
16                         ceeds the amount on which tax is deter-  
17                         mined under subparagraph (B), or

18                         “(ii) the excess described in section  
19                         1(h)(1)(C)(ii), plus

20                         “(D) 20 percent of the adjusted net capital  
21                         gain (or, if less, taxable excess) in excess of the  
22                         sum of the amounts on which tax is determined  
23                         under subparagraphs (B) and (C), plus”.

24                  (c) CONFORMING AMENDMENTS.—

1           (1) The following provisions are each amended  
2           by striking “15 percent” and inserting “20 per-  
3           cent”:

4                   (A) Section 531.

5                   (B) Section 541.

6                   (C) Section 1445(e)(1).

7                   (D) The second sentence of section  
8           7518(g)(6)(A).

9                   (E) Section 53511(f)(2) of title 46, United  
10          States Code.

11           (2) Sections 1(h)(1)(B) and 55(b)(3)(B) are  
12          each amended by striking “5 percent (0 percent in  
13          the case of taxable years beginning after 2007)” and  
14          inserting “0 percent”.

15           (3) Section 1445(e)(6) is amended by striking  
16          “15 percent (20 percent in the case of taxable years  
17          beginning after December 31, 2010)” and inserting  
18          “20 percent”.

19          (d) EFFECTIVE DATES.—

20                   (1) IN GENERAL.—Except as otherwise pro-  
21          vided, the amendments made by subsections (b) and  
22          (c) shall apply to taxable years beginning after De-  
23          cember 31, 2012.

1           (2) WITHHOLDING.—The amendments made by  
2 paragraphs (1)(C) and (3) of subsection (c) shall  
3 apply to amounts paid on or after January 1, 2013.

4           (e) APPLICATION OF JGTRRA SUNSET.—Each  
5 amendment made by subsections (b) and (c) shall be sub-  
6 ject to section 303 of the Jobs and Growth Tax Relief  
7 Reconciliation Act of 2003 to the same extent and in the  
8 same manner as if such amendment was included in title  
9 III of such Act.

10 **SEC. 103. TEMPORARY EXTENSION OF 2010 TAX RELIEF.**

11           (a) AMERICAN OPPORTUNITY TAX CREDIT.—

12           (1) IN GENERAL.—Section 25A(i) is amended  
13 by striking “or 2012” and inserting “2012, or  
14 2013”.

15           (2) TREATMENT OF POSSESSIONS.—Section  
16 1004(e)(1) of division B of the American Recovery  
17 and Reinvestment Tax Act of 2009 is amended by  
18 striking “and 2012” each place it appears and in-  
19 serting “2012, and 2013”.

20           (b) CHILD TAX CREDIT.—Section 24(d)(4) is amend-  
21 ed—

22           (1) by striking “AND 2012” in the heading and  
23 inserting “2012, AND 2013”, and

24           (2) by striking “or 2012” and inserting “2012,  
25 or 2013”.

1 (c) EARNED INCOME TAX CREDIT.—Section 32(b)(3)  
2 is amended—

3 (1) by striking “AND 2012” in the heading and  
4 inserting “2012, AND 2013”, and

5 (2) by striking “or 2012” and inserting “2012,  
6 or 2013”.

7 (d) TEMPORARY EXTENSION OF RULE DIS-  
8 REGARDING REFUNDS IN THE ADMINISTRATION OF FED-  
9 ERAL PROGRAMS AND FEDERALLY ASSISTED PRO-  
10 GRAMS.—Subsection (b) of section 6409 is amended by  
11 striking “December 31, 2012” and inserting “December  
12 31, 2013”.

13 (e) EFFECTIVE DATES.—

14 (1) IN GENERAL.—Except as provided in para-  
15 graph (2), the amendments made by this section  
16 shall apply to taxable years beginning after Decem-  
17 ber 31, 2012.

18 (2) RULE DISREGARDING REFUNDS IN THE AD-  
19 MINISTRATION OF CERTAIN PROGRAMS.—The  
20 amendment made by subsection (d) shall apply to  
21 amounts received after December 31, 2012.

22 **SEC. 104. TEMPORARY EXTENSION OF ELECTION TO EX-**  
23 **PENSE CERTAIN DEPRECIABLE BUSINESS AS-**  
24 **SETS.**

25 (a) IN GENERAL.—

1           (1) DOLLAR LIMITATION.—Section 179(b)(1) is  
2 amended—

3           (A) by striking “and” at the end of sub-  
4 paragraph (C),

5           (B) by redesignating subparagraph (D) as  
6 subparagraph (E),

7           (C) by inserting after subparagraph (C)  
8 the following new subparagraph:

9           “(D) \$250,000 in the case of taxable years  
10 beginning in 2013, and”, and

11           (D) in subparagraph (E), as so redesign-  
12 nated, by striking “2012” and inserting  
13 “2013”.

14           (2) REDUCTION IN LIMITATION.—Section  
15 179(b)(2) is amended—

16           (A) by striking “and” at the end of sub-  
17 paragraph (C),

18           (B) by redesignating subparagraph (D) as  
19 subparagraph (E),

20           (C) by inserting after subparagraph (C)  
21 the following new subparagraph:

22           “(D) \$800,000 in the case of taxable years  
23 beginning in 2013, and”, and

1 (D) in subparagraph (E), as so redesign-  
2 nated, by striking “2012” and inserting  
3 “2013”.

4 (b) COMPUTER SOFTWARE.—Section  
5 179(d)(1)(A)(ii) is amended by striking “2013” and in-  
6 serting “2014”.

7 (c) ELECTION.—Section 179(c)(2) is amended by  
8 striking “2013” and inserting “2014”.

9 (d) EFFECTIVE DATE.—The amendments made by  
10 this section shall apply to taxable years beginning after  
11 December 31, 2012.

## 12 **TITLE II—ALTERNATIVE** 13 **MINIMUM TAX RELIEF**

### 14 **SEC. 201. TEMPORARY EXTENSION OF INCREASED ALTER-** 15 **NATIVE MINIMUM TAX EXEMPTION AMOUNT.**

16 (a) IN GENERAL.—Paragraph (1) of section 55(d) is  
17 amended—

18 (1) by striking “\$72,450” and all that follows  
19 through “2011” in subparagraph (A) and inserting  
20 “\$78,750 in the case of taxable years beginning in  
21 2012”, and

22 (2) by striking “\$47,450” and all that follows  
23 through “2011” in subparagraph (B) and inserting  
24 “\$50,600 in the case of taxable years beginning in  
25 2012”.

1 (b) EFFECTIVE DATE.—The amendments made by  
2 this section shall apply to taxable years beginning after  
3 December 31, 2011.

4 **SEC. 202. TEMPORARY EXTENSION OF ALTERNATIVE MIN-**  
5 **IMUM TAX RELIEF FOR NONREFUNDABLE**  
6 **PERSONAL CREDITS.**

7 (a) IN GENERAL.—Paragraph (2) of section 26(a) is  
8 amended—

9 (1) by striking “or 2011” and inserting “2011,  
10 or 2012”, and

11 (2) by striking “2011” in the heading thereof  
12 and inserting “2012”.

13 (b) EFFECTIVE DATE.—The amendments made by  
14 this section shall apply to taxable years beginning after  
15 December 31, 2011.

16 **TITLE III—TREATMENT FOR**  
17 **PAYGO PURPOSES**

18 **SEC. 301. TREATMENT FOR PAYGO PURPOSES.**

19 The budgetary effects of this Act shall not be entered  
20 on either PAYGO scorecard maintained pursuant to sec-  
21 tion 4(d) of the Statutory Pay-As-You-Go Act of 2010.

