AMENDMENT

OFFERED BY Mr. Arrington

Insert after section 6(a) the following:

(b) INCREASE IN RATES NOT APPLICABLE TO QUALIFIED BUSINESS INCOME.—

(1) IN GENERAL.—Section 1(j) of the Internal Revenue Code of 1986 is amended by redesignating paragraph (6) as paragraph (7) and by inserting after paragraph (5) the following new paragraph:

"(6) RATE INCREASE NOT APPLICABLE TO QUALIFIED BUSINESS INCOME.—

"(A) IN GENERAL.—For purposes of this section, in the case of a taxpayer who for the taxable year has qualified business income and taxable income in excess of the maximum taxable income for the 35-percent rate bracket, the amount of tax determined under the tables in paragraph (2) for such taxable year shall not exceed an amount equal to the sum of—

"(i) the amount of such tax determined under such tables without regard to any qualified business income and any deduction under section 199A, plus
"(ii) the excess of—

"(I) the amount of such tax determined under such tables as if the Restoring Tax Fairness for States and Localities Act has never been enacted, over

"(II) the amount of such tax so determined without regard to any qualified business income and any deduction under section 199A.

"(B) QUALIFIED BUSINESS INCOME.—For purposes of this paragraph, the term ‘qualified business income’ has the meaning given such term by section 199A(e), except determined by substituting ‘any trade or business of the taxpayer’ for ‘any qualified trade or business of the taxpayer’.”.

(2) CONFORMING AMENDMENT.—Section 1(j)(1)(B) of such Code is amended by striking “through (6)” and inserting “through (7)”.