H. R. ______

To amend the Internal Revenue Code of 1986 to make permanent certain provisions of Public Law 115–97 affecting individuals.

IN THE HOUSE OF REPRESENTATIVES

Mr. SCHWEIKERT introduced the following bill; which was referred to the Committee on ______________________

A BILL

To amend the Internal Revenue Code of 1986 to make permanent certain provisions of Public Law 115–97 affecting individuals.

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 “Permanent Extension
5 of Rate Cuts and Extension of National Tax Simplifica-
6 tion Act of 2022” or the “PERCENTS Act of 2022”.

SEC. 2. MODIFICATION OF RATES.

(a) Amendment of 1986 Code.—Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1986.

(b) Married Individuals Filing Joint Returns and Surviving Spouses.—Section 1(a) is amended by striking the table contained therein and inserting the following:

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<table>
<thead>
<tr>
<th>If taxable income is:</th>
<th>The tax is:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not over $19,050</td>
<td>10% of taxable income.</td>
</tr>
<tr>
<td>Over $19,050 but not over $77,400</td>
<td>$1,905, plus 12% of the excess over $19,050,</td>
</tr>
<tr>
<td>Over $77,400 but not over $165,000</td>
<td>$8,907, plus 22% of the excess over $77,400.</td>
</tr>
<tr>
<td>Over $165,000 but not over $315,000</td>
<td>$28,179, plus 24% of the excess over $165,000.</td>
</tr>
<tr>
<td>Over $315,000 but not over $400,000</td>
<td>$64,179, plus 32% of the excess over $315,000.</td>
</tr>
<tr>
<td>Over $400,000 but not over $600,000</td>
<td>$91,379, plus 35% of the excess over $400,000.</td>
</tr>
<tr>
<td>Over $600,000</td>
<td>$161,379, plus 37% of the excess over $600,000.</td>
</tr>
</tbody>
</table>
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(c) Heads of Households.—Section 1(b) is amended by striking the table contained therein and inserting the following:

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<table>
<thead>
<tr>
<th>If taxable income is:</th>
<th>The tax is:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not over $13,600</td>
<td>10% of taxable income.</td>
</tr>
<tr>
<td>Over $13,600 but not over $51,800</td>
<td>$1,360, plus 12% of the excess over $13,600.</td>
</tr>
<tr>
<td>Over $51,800 but not over $82,500</td>
<td>$5,944, plus 22% of the excess over $51,800.</td>
</tr>
</tbody>
</table>
```
"If taxable income is:"

| Over $82,500 but not over $157,500 | $12,698, plus 24% of the excess over $82,500. |
| Over $157,500 but not over $200,000 | $30,698, plus 32% of the excess over $157,500. |
| Over $200,000 but not over $500,000 | $44,298, plus 35% of the excess over $200,000. |
| Over $500,000 | $149,298, plus 37% of the excess over $500,000. |

(d) **Unmarried Individuals Other Than Surviving Spouses and Heads of Households.**—Section 1(c) is amended by striking the table contained therein and inserting the following:

"If taxable income is:"

| Not over $9,525 | 10% of taxable income. |
| Over $9,525 but not over $38,700 | $952.50, plus 12% of the excess over $9,525. |
| Over $38,700 but not over $82,500 | $4,453.50, plus 22% of the excess over $38,700. |
| Over $82,500 but not over $157,500 | $14,089.50, plus 24% of the excess over $82,500. |
| Over $157,500 but not over $200,000 | $32,089.50, plus 32% of the excess over $157,500. |
| Over $200,000 but not over $500,000 | $45,689.50, plus 35% of the excess over $200,000. |
| Over $500,000 | $150,689.50, plus 37% of the excess over $500,000. |

(e) **Married Individuals Filing Separate Returns.**—Section 1(d) is amended by striking the table contained therein and inserting the following:

"If taxable income is:"

| Not over $9,525 | 10% of taxable income. |
| Over $9,525 but not over $38,700 | $952.50, plus 12% of the excess over $9,525. |
| Over $38,700 but not over $82,500 | $4,453.50, plus 22% of the excess over $38,700. |
| Over $82,500 but not over $157,500 | $14,089.50, plus 24% of the excess over $82,500. |
| Over $157,500 but not over $200,000 | $32,089.50, plus 32% of the excess over $157,500. |
“If taxable income is:”

<table>
<thead>
<tr>
<th>Income Range</th>
<th>Tax Calculation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Over $200,000 but not over $300,000</td>
<td>$45,689.50, plus 35% of the excess over $200,000.</td>
</tr>
<tr>
<td>Over $300,000</td>
<td>$80,689.50, plus 37% of the excess over $300,000.</td>
</tr>
</tbody>
</table>

(f) Estates and Trusts.—Section 1(e) is amended by striking the table contained therein and inserting the following:

“If taxable income is:”

<table>
<thead>
<tr>
<th>Income Range</th>
<th>Tax Calculation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not over $2,550</td>
<td>10% of taxable income.</td>
</tr>
<tr>
<td>Over $2,550 but not over $9,150</td>
<td>$255, plus 24% of the excess over $2,550.</td>
</tr>
<tr>
<td>Over $9,150 but not over $12,500</td>
<td>$1,839, plus 35% of the excess over $9,150.</td>
</tr>
<tr>
<td>Over $12,500</td>
<td>$3,011.50, plus 37% of the excess over $12,500.</td>
</tr>
</tbody>
</table>

(g) Inflation Adjustments.—Section 1(f) is amended—

(1) by amending paragraph (2)(A) to read as follows:

“(A) by increasing the minimum and maximum dollar amounts for each bracket for which a tax is imposed under such table by the cost-of-living adjustment for such calendar year, determined under this subsection for such calendar year by substituting ‘2017’ for ‘2016’ in paragraph (3)(A)(ii),”;

(2) by amending paragraph (7) to read as follows:

“(7) Rounding.—
“(A) IN GENERAL.—Except as provided in
subparagraph (B), if any increase determined
under paragraph (2)(A) is not a multiple of
$25, such increase shall be rounded to the next
lowest multiple of $25.

“(B) JOINT RETURNS, ETC.—In the case
of a table prescribed under subsection (a), sub-
paragraph (A) shall be applied by substituting
‘$50’ for ‘$25’ both places it appears.”,

(3) by striking paragraph (8), and

(4) in the heading, by striking “PHASEOUT OF
MARRIAGE PENALTY IN 15-PERCENT BRACKET; AD-
JUSTMENTS” and inserting “ADJUSTMENTS”.

(h) APPLICATION OF INCOME TAX BRACKETS TO
CAPITAL GAINS BRACKETS.—Section 1(h) is amended—

(1) in paragraph (1)(B)(i), by striking “25 per-
cent” and inserting “22 percent”,

(2) in paragraph (1)(C)(ii)(I), by striking
“which would (without regard to this paragraph) be
taxed at a rate below 39.6 percent” and inserting
“below the maximum 15-percent rate amount”, and

(3) by adding at the end the following new
paragraphs:
“(12) Maximum 15-percent rate amount defined.—For purposes of this subsection, the maximum 15-percent rate amount shall be—

“(A) in the case of a joint return or surviving spouse (as defined in section 2(a)), $479,000 (½ such amount in the case of a married individual filing a separate return),

“(B) in the case of an individual who is a head of household (as defined in section 2(b)), $452,400,

“(C) in the case of any other individual (other than an estate or trust), $425,800, and

“(D) in the case of an estate or trust, $12,700.

“(13) Determination of 0 percent rate bracket for estates and trusts.—In the case of any estate or trust, paragraph (1)(B) shall be applied by treating the amount determined in clause (i) thereof as being equal to $2,600.

“(14) Inflation adjustment.—

“(A) In general.—Each of the dollar amounts in paragraphs (12) and (13) shall be increased by an amount equal to—

“(i) such dollar amount, multiplied by
“(ii) the cost-of-living adjustment determined under subsection (f)(3) for the calendar year in which the taxable year begins, determined by substituting ‘calendar year 2017’ for ‘calendar year 2016’ in subparagraph (A)(ii) thereof.

“(B) ROUNDED.—If any increase under subparagraph (A) is not a multiple of $50, such increase shall be rounded to the next lowest multiple of $50.”

(i) Conforming Amendments.—

(1) Section 1 is amended by striking subsections (i) and (j).

(2) Section 3402(q)(1) is amended by striking “third lowest” and inserting “fourth lowest”.

(j) Application of Section 15.—

(1) In General.—Subsection (a) of section 15 is amended by striking “If any rate of tax” and inserting “In the case of a corporation, if any rate of tax”.

(2) Conforming Amendments.—

(A) Section 15 is amended by striking subsections (d), (e), and (f).
(B) Section 6013(c) is amended by striking “sections 15, 443, and 7851(a)(1)(A)” and inserting “section 443”.

(C) The heading of section 15 is amended by inserting “ON CORPORATIONS” after “EFFECT OF CHANGES”.

(D) The table of sections for part III of subchapter A of chapter 1 is amended by striking the item relating to section 15 and inserting the following new item:

“Sec. 15. Effect of changes on corporations.”

(k) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to taxable years beginning after the date of the enactment of this Act.

(2) APPLICATION OF SECTION 15.—Section 15 of the Internal Revenue Code of 1986 shall not apply to any change in a rate of tax by reason of—

(A) section 1(j) of such Code (as in effect before its repeal by this section), or

(B) any amendment made by this Act.

SEC. 3. INCREASE IN STANDARD DEDUCTION.

(a) IN GENERAL.—Section 63(c)(2) is amended—

(1) by striking “$4,400” in subparagraph (B) and inserting “$18,000”, and
(2) by striking “$3,000” in subparagraph (C) and inserting “$12,000”.

(b) Inflation adjustment.—Section 63(c)(4) is amended to read as follows:

“(4) Adjustments for inflation.—

“(A) In general.—In the case of a taxable year beginning after 2018, each dollar amount in paragraph (2)(B), (2)(C), or (5) or subsection (f) shall be increased by an amount equal to—

“(i) such dollar amount, multiplied by

“(ii) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting for ‘2016’ in subparagraph (A)(ii) thereof—

“(I) in the case of the dollar amounts contained in paragraph (2)(B) or (2)(C), ‘2017’,

“(II) in the case of the dollar amounts contained in paragraph (5)(A) or subsection (f), ‘1987’, and

“(III) in the case of the dollar amount contained in paragraph (5)(B), ‘1997’.
“(B) Rounding.—If any increase under subparagraph (A) is not a multiple of $50, such increase shall be rounded to the next lowest multiple of $50.”.

(c) Conforming Amendments.—

(1) Section 1(f)(7)(A) is amended by striking “section 63(c)(4),”.

(2) Section 1(f)(7)(B) is amended by striking “sections 63(c)(4) and” and inserting “section”.

(3) Section 63(c) is amended by striking paragraph (7).

(d) Effective Date.—The amendments made by this section shall apply to taxable years beginning after the date of the enactment of this Act.

SEC. 4. REPEAL OF OVERALL LIMITATION ON ITEMIZED DEDUCTIONS.

(a) In General.—Part 1 of subchapter B of chapter 1 is amended by striking section 68 (and the item relating to such section in the table of sections for such part).

(b) Conforming Amendments.—

(1) Section 1(f)(7)(A), as amended by section 2, is amended by striking “or section 68(b)(2)”.

(2) Section 56(b)(1) is amended by striking subparagraph (E).
(3) Section 164(b)(5)(H)(ii)(III) is amended by striking “(as determined under section 68(b))”.

(4) Section 164(b)(5)(H) is amended by adding at the end the following new clause:

“(iii) APPLICABLE AMOUNT DEFINED.—For purposes of clause (ii), the term ‘applicable amount’ means—

“(I) $300,000 in the case of a joint return or a surviving spouse,

“(II) $275,000 in the case of a head of household,

“(III) $250,000 in the case of an individual who is not married and who is not a surviving spouse or head of household, and

“(IV) ½ the amount applicable under subclause (I) in the case of a married individual filing a separate return.

For purposes of this paragraph, marital status shall be determined under section 7703. In the case of any taxable year beginning in calendar years after 2017, each of the dollar amounts in this clause shall be increased by an amount equal to such
12
dollar amount, multiplied by the cost-of-liv-
ing adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by sub-
stituting ‘2012’ for ‘2016’ in subparagraph (A)(ii) thereof. If any amount after adjust-
ment under the preceding sentence is not a multiple of $50, such amount shall be rounded to the next lowest multiple of $50.”.

(c) Effective Date.—The amendments made by this section shall apply to taxable years beginning after the date of the enactment of this Act.

SEC. 5. INCREASED EXEMPTION FOR ALTERNATIVE MIN-
IMUM TAX MADE PERMANENT.

(a) In General.—Section 55(d)(1) is amended—

(1) by striking “$78,750” in subparagraph (A) and inserting “$109,400”, and

(2) by striking “$50,600” in subparagraph (B) and inserting “$70,300”.

(b) Phase-out of Exemption Amount.—Section 55(d)(2) is amended—

(1) by striking “$150,000” in subparagraph (A) and inserting “$1,000,000”, and
(2) by striking subparagraphs (B) and (C) and by inserting the following new subparagraphs:

“(B) 50 percent of the dollar amount applicable under subparagraph (A) in the case of a taxpayer described in paragraph (1)(B) or (1)(C), and

“(C) $75,000 in the case of a taxpayer described in paragraph (1)(D).”,

(e) INFLATION ADJUSTMENT.—Section 55(d)(3) is amended to read as follows:

“(3) INFLATION ADJUSTMENT.—In the case of any taxable year beginning in a calendar year after 2018, each dollar amount described in clause (i) or (ii) of subparagraph (B) shall be increased by an amount equal to—

“(A) such dollar amount, multiplied by

“(B) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting—

“(i) in the case of a dollar amount contained in paragraph (1)(D) or (2)(C) or in subsection (b)(1)(A), ‘calendar year 2011’ for ‘calendar year 2016’ in subparagraph (A)(ii) thereof, and
“(ii) in the case of a dollar amount contained in paragraph (1)(A), (1)(B), or (2)(A), ‘calendar year 2017’ for ‘calendar year 2016’ in subparagraph (A)(ii) thereof. Any increased amount determined under this paragraph shall be rounded to the nearest multiple of $100 ($50 in the case of the dollar amount contained in paragraph (2)(C)).”.

(d) CONFORMING AMENDMENT.—Section 55(d) is amended by striking paragraph (4).

(e) EFFECTIVE DATE.—The amendments made by this subsection shall apply to taxable years beginning after the date of the enactment of this Act.