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(Original Signature of Member)

119TH CONGRESS
1ST SESSION

H. R. _____

To amend the Internal Revenue Code of 1986 to make certain modifications in relation to the taxation of income required to fund basic living expenses, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Mr. BEYER introduced the following bill; which was referred to the Committee on _____

A BILL

To amend the Internal Revenue Code of 1986 to make certain modifications in relation to the taxation of income required to fund basic living expenses, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Working Americans' Tax Cut Act''.

SEC. 2. ALTERNATIVE MAXIMUM TAX FOR LOW-INCOME INDIVIDUALS.

(a) IN GENERAL.—Part I of subchapter A of chapter 1 of the Internal Revenue Code of 1986 is amended by inserting after section 1 the following new section:

"SEC. 1A. ALTERNATIVE MAXIMUM TAX FOR LOW- AND MIDDLE-INCOME INDIVIDUALS.

"(a) IN GENERAL.—In the case of a qualified individual, the tax imposed under section 1 for any taxable year shall not exceed 25.5 percent of the excess of—

"(1) the taxpayer's modified adjusted gross income for such taxable year, over

"(2) the cost-of-living exemption for such taxable year.

"(b) QUALIFIED INDIVIDUAL.—

"(1) IN GENERAL.—For purposes of this section, the term 'qualified individual' means, with respect to any taxable year, any individual if the taxpayer's modified adjusted gross income for such taxable year is less than 175 percent of the cost-of-living exemption for such taxable year.

"(2) EXCEPTION.—The term 'qualified individual' shall not include any person described in section 63(c)(6).

"(c) COST-OF-LIVING EXEMPTION.—For purposes of this section—

"(1) IN GENERAL.—The term 'cost-of-living exemption' means, with respect to any taxable year—

"(A) in the case of a taxpayer not described in subparagraph (B) or (C), 100 percent of the annualized cost-of-living wage,

"(B) in the case of a joint return, 200 percent of the annualized cost-of-living wage, and

"(C) in the case of a head of household, 140 percent of the annualized cost-of-living wage.

"(2) ANNUALIZED COST OF LIVING WAGE.—

"(A) IN GENERAL.—The term 'annualized cost-of-living wage' means, with respect to any taxable year, an amount equal to $46,000, multiplied by the ratio of—

"(i) the CPI–U for the calendar year preceding the calendar year in which such taxable year begins, to

"(ii) the CPI–U for the calendar year preceding the calendar year of the date of enactment of the Working Americans' Tax Cut Act.

"(B) CPI–U.—For purposes of this paragraph, the term 'CPI–U' means, when used with respect to a calendar year, the Consumer

Price Index for all urban consumers, as published by the Bureau of Labor Statistics, for September of such year.

"(d) MODIFIED ADJUSTED GROSS INCOME.—For purposes of this section, the term 'modified adjusted gross income' means adjusted gross income increased by—

"(1) any amount excluded from gross income under section 911, 931, or 933, and

"(2) an amount equal to the portion of the taxpayer's social security benefits (as defined in section 86(d)) which is not included in gross income under section 86 for the taxable year.".

(b) CLERICAL AMENDMENT.—The table of sections for part I of subchapter A of chapter 1 of such Code is amended by inserting after the item relating to section 1 the following new item:

"Sec. 1A. Alternative maximum tax for low- and middle-income individuals.".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2025.

SEC. 3. SURCHARGE ON HIGH INCOME INDIVIDUALS.

(a) IN GENERAL.—Subchapter A of chapter 1 of the Internal Revenue Code of 1986 is amended by adding at the end the following new part:

"PART VIII—SURCHARGE ON HIGH INCOME INDIVIDUALS

"Sec. 59B. Surcharge on high income individuals.

"SEC. 59B. SURCHARGE ON HIGH INCOME INDIVIDUALS.

"(a) GENERAL RULE.—In the case of a taxpayer other than a corporation, there is hereby imposed (in addition to any other tax imposed by this subtitle) a tax equal to the sum of—

"(1) 5 percent of so much of the modified adjusted gross income of the taxpayer as exceeds $1,000,000, but does not exceed $2,000,000,

"(2) 10 percent of so much of the modified adjusted gross income of the taxpayer as exceeds $2,000,000, but does not exceed $5,000,000, plus

"(3) 12 percent of so much of the modified adjusted gross income of the taxpayer as exceeds $5,000,000.

"(b) INFLATION ADJUSTMENT.—

"(1) IN GENERAL.—In the case of any taxable year beginning after 2026, subsection (a) shall be applied by substituting each dollar amount in such subsection with an amount equal to the product of—

"(A) such dollar amount (as determined without regard to this subsection), multiplied by

"(B) an amount equal to the ratio of—

"(i) the CPI–U for the calendar year preceding the calendar year in which such taxable year begins, to

"(ii) the CPI–U for the calendar year preceding the calendar year of the date of enactment of the Working Americans' Tax Cut Act.

"(2) CPI–U.—For purposes of this subsection, the term 'CPI–U' means, when used with respect to a calendar year, the Consumer Price Index for all urban consumers, as published by the Bureau of Labor Statistics, for September of such year.

"(c) TAXPAYERS MAKING A JOINT RETURN.—In the case of any taxpayer filing a joint return under section 6013, subsection (a) shall be applied (after the application of subsection (b)) by increasing each of the dollar amounts by an amount equal to 50 percent of such dollar amount.

"(d) MODIFIED ADJUSTED GROSS INCOME.—For purposes of this section, the term 'modified adjusted gross income' means adjusted gross income reduced by any deduction (not taken into account in determining adjusted gross income) allowed for investment interest (as defined in section 163(d)). In the case of an estate or trust, adjusted gross income shall be determined as provided in section 67(e).

"(e) SPECIAL RULES.—

"(1) CITIZENS AND RESIDENTS LIVING ABROAD.—The dollar amount in effect under subsection (a) (after the application of subsections (b) and (c)) shall be decreased by the excess of—

"(A) the amounts excluded from the taxpayer's gross income under section 911, over

"(B) the amounts of any deductions or exclusions disallowed under section 911(d)(6) with respect to the amounts described in subparagraph (A).

"(2) CHARITABLE TRUSTS.—Subsection (a) shall not apply to a trust all the unexpired interests in which are devoted to one or more of the purposes described in section 170(c)(2)(B).

"(3) NOT TREATED AS TAX IMPOSED BY THIS CHAPTER FOR CERTAIN PURPOSES.—The tax imposed under this section shall not be treated as tax imposed by this chapter for purposes of determining the amount of any credit under this chapter or for purposes of section 55.".

(b) CLERICAL AMENDMENT.—The table of parts for subchapter A of chapter 1 of the Internal Revenue Code of 1986 is amended by adding at the end the following new item:

"PART VIII—SURCHARGE ON HIGH INCOME INDIVIDUALS".

(c) SECTION 15 NOT TO APPLY.—The amendment made by subsection (a) shall not be treated as a change in a rate of tax for purposes of section 15 of the Internal Revenue Code of 1986.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2025.