

Grassley Amendment #___ to The American Recovery and Reinvestment Tax Act of 2009

Short Title: AMT One-Year Patch

Description of Amendment:

Provides one-year "patch" for 2009 to keep the number of individual AMT payers same as 2008.

ALTERNATIVE MINIMUM TAX (AMT)

AMT Patch. Under current law for 2009, a taxpayer receives an exemption of \$33,750 (individuals) and \$45,000 (married filing jointly) under the AMT. *See* IRC § 55(d). Current law for 2009 also does not allow personal credits against AMT. The Emergency Economic Stabilization Act of 2008 increased the exemptions to \$46,200 and \$69,950, respectively, and allowed personal credits against the AMT, *see* IRC § 26(a)(2), so as to hold the number of taxpayers subject to the AMT at bay. The provision expired December 31, 2008.

The exemption amounts for recent tax years are as follows:

<i>Tax Years Beginning In</i>	<i>Individuals</i>	<i>Married filing jointly</i>
2008	\$46,200	\$69,950
2007	\$44,350	\$66,250
2006	\$42,500	\$62,550
2005	\$40,250	\$58,000
2004	\$40,250	\$58,000
2003	\$40,250	\$58,000
2002	\$35,750	\$49,000
2001	\$35,750	\$49,000

This proposal would increase the exemption amounts to \$46,700 (individuals) and \$70,950 (married filing jointly) for 2009 so as to hold again the number of taxpayers subject to the AMT at bay. This would result in approximately 4.2 million taxpayers affected by the AMT in 2009. The proposal also allows the personal credits against the AMT for 2009. *The estimated cost of this proposal is \$69.8 billion over ten years.*

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