

INDIVIDUAL INCOME TAX REDUCTION ACT OF 1947

MAY 29, 1947.—Ordered to be printed

Mr. KNUTSON, from the committee of conference, submitted the following

CONFERENCE REPORT

[To accompany H. R. 1]

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 1) to reduce individual income tax payments, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendments of the Senate numbered 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, and 16, and agree to the same.

Amendment numbered 1: That the House recede from its disagreement to the amendment of the Senate numbered 1, and agree to the same with an amendment as follows:

On page 2 of the Senate engrossed amendments in lieu of the table there appearing insert the following:

<i>If the aggregate is:</i>	<i>The reduction shall be:</i>
Not over \$200-----	33½% of the aggregate.
Over \$200 but not over \$279.17-----	\$87.
Over \$279.17 but not over \$100,000----	24% of the aggregate.
Over \$100,000 but not over \$250,000----	\$24,000, plus 19¼% of excess over \$100,000.
Over \$250,000-----	\$52,875, plus 15% of excess over \$250,000.

and on page 3 of the Senate engrossed amendments in lieu of the table there appearing insert the following:

If the aggregate is:

Not over \$200-----
 Over \$200 but not over \$265.52-----
 Over \$265.52 but not over \$100,000-----
 Over \$100,000 but not over \$250,000-----
 Over \$250,000-----

The reduction shall be:

19¼% of the aggregate.
 \$38.50.
 14½% of the aggregate.
 \$14,500, plus 12% of excess over
 \$100,000.
 \$32,500, plus 10% of excess over
 \$250,000.

And the Senate agree to the same.

HAROLD KNUTSON,
 DANIEL A. REED,
 ROY O. WOODRUFF,
 R. L. DOUGHTON,
Managers on the Part of the House.

E. D. MILLIKIN,
 ROBERT A. TAFT,
 HUGH BUTLER,
 WALTER F. GEORGE,
Managers on the Part of the Senate.

STATEMENT OF THE MANAGERS ON THE PART OF THE HOUSE

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 1) to reduce individual income tax payments submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

Amendment No. 1: The House bill provided that, with respect to taxable years beginning after December 31, 1946, the aggregate of the tentative normal tax and the tentative surtax under existing law should be reduced as shown in the following table:

If the aggregate were:	The reduction would be:
Not over \$200.....	33½% of the aggregate.
Over \$200 but not over \$279.17.....	\$67.
Over \$279.17 but not over \$250,000..	24% of the aggregate.
Over \$250,000.....	\$60,000, plus 15% of excess over \$250,000.

The Senate amendment provides that the reduction for taxable years beginning in 1947 shall be as shown in the following table:

If the aggregate is:	The reduction shall be:
Not over \$200.....	19¼% of the aggregate.
Over \$200 but not over \$265.52.....	\$38.50.
Over \$265.52 but not over \$50,000....	14½% of the aggregate.
Over \$50,000 but not over \$250,000..	\$7,250, plus 12% of excess over \$50,000.
Over \$250,000.....	\$31,250, plus 10% of excess over \$250,000.

The Senate amendment further provides that for taxable years beginning after December 31, 1947, the reduction shall be as shown in the following table:

If the aggregate is:	The reduction shall be:
Not over \$200.....	33½% of the aggregate.
Over \$200 but not over \$279.17.....	\$67.
Over \$279.17 but not over \$50,000....	24% of the aggregate.
Over \$50,000 but not over \$250,000..	\$12,000, plus 19¼% of excess over \$50,000.
Over \$250,000.....	\$50,500, plus 15% of excess over \$250,000."

The House bill provided that, with respect to taxable years beginning after December 31, 1946, the combined normal tax and surtax should in no event exceed 76½ percent of the net income of the taxpayer. The Senate amendment retains the House figure with respect to taxable years beginning after December 31, 1947, but provides that with respect to taxable years beginning in 1947 the over-all limitation shall be 81 percent. The House recedes with an amendment which provides that the aggregate of the tentative normal tax and the tentative surtax under existing law shall be reduced as shown in the following tables:

Taxable Years Beginning in 1947

If the aggregate is:	The reduction shall be:
Not over \$200-----	19¼% of the aggregate.
Over \$200 but not over \$265.52-----	\$38.50.
Over \$265.52 but not over \$100,000--	14½% of the aggregate.
Over \$100,000 but not over \$250,000--	\$14,500, plus 12% of excess over \$100,000.
Over \$250,000-----	\$32,500, plus 10% of excess over \$250,000.

Taxable Years Beginning After 1947

If the aggregate is:	The reduction shall be:
Not over \$200-----	33½% of the aggregate.
Over \$200 but not over \$279.17--	\$67.
Over \$279.17 but not over \$100,000--	24% of the aggregate.
Over \$100,000 but not over \$250,000--	\$24,000, plus 19¼% of excess over \$100,000.
Over \$250,000-----	\$52,875, plus 15% of excess over \$250,000.

Amendments Nos. 2 and 3: The House bill amended the tax table contained in section 400 of the Internal Revenue Code, relating to the optional tax on individuals with adjusted gross incomes of less than \$5,000. Amendment No. 2 limits the application of the tax table in the House bill to taxable years beginning after 1947, and amendment No. 3 provides an additional tax table to be applicable to taxable years beginning in 1947 to reflect the reductions provided by amendment No. 1. The House recedes.

Amendment No. 4: This is a clerical amendment and the House recedes.

Amendment No. 5: The House bill amended section 25 (b) (1) of the code to provide an additional exemption of \$500 for a taxpayer who attains the age of 65 before the end of the taxable year. The House bill provided that in the case of a joint return the additional exemption of \$500 is allowed with respect to each spouse who has attained the age of 65 only if the gross income of such spouse for the taxable year is \$500 or more. Under the Senate amendment this gross-income limitation is removed, with the result that, on a joint return, an additional exemption is allowed for each spouse who has attained the age of 65, regardless of the amount of the gross income. The additional exemption for a spouse who has attained the age of 65 may also be taken by the taxpayer on his separate return if such spouse has no gross income. The House recedes.

Amendment No. 6: This is a technical amendment and the House recedes.

Amendment No. 7: The House bill added a new subsection (o) to section 22 of the code so as to require an individual entitled to the old-age exemption to include in gross income the first \$500 of certain tax-exempt pensions, annuities, etc. This amendment eliminates the provision of the House bill. The House recedes.

Amendment No. 8: The House bill made a technical amendment to section 22 (b) (5) of the code which was necessitated by the provision in the House bill adding section 22 (o) to the code. The Senate amendment eliminates the provision of the House bill. The Senate amendment also makes four technical amendments, not found in the House bill, relating to the old-age exemption. The first technical amendment amends section 58 (a) (1) of the code, relating to the declaration of estimated tax, to give effect to the old-age exemption.

The second technical amendment amends section 1622 (h) (1) of the code to authorize the allowance of the old-age exemption for withholding purposes. The third technical amendment requires employers to give effect to the additional exemption for old age with respect to the first payment of wages made on or after the ninetieth day after the date of the enactment of the bill, if a withholding exemption certificate is filed at least 30 days before such ninetieth day. The fourth technical amendment amends section 23 (x) of the code so that the additional exemption for old age will not operate to increase the present maximum deduction for medical expenses. The House recesses.

Amendments Nos. 9 and 10: These are clerical amendments and the House recesses.

Amendments Nos. 11 and 12: The House bill amended section 1622 (a) of the code, relating to the percentage method of withholding, to reflect the reductions in tax provided in the House bill. The House bill contained four rates for computing the amount to be withheld under the percentage method of withholding. Amendment No. 11 substitutes three rates for the four provided in the House bill. Amendment No. 12 provides new wage bracket withholding tables in lieu of the withholding tables provided in the House bill. The House recesses.

Amendment No. 13: This amendment provides that the new withholding rates and the wage bracket withholding tables shall be applicable with respect to wages paid on or after July 1, 1947, instead of June 1, 1947, as provided in the House bill. The House recesses.

Amendments Nos. 14 and 15: These are clerical amendments and the House recesses.

Amendment No. 16: The House bill added a new subsection to section 108 of the code to provide for the computation of the tax imposed by sections 11, 12, and 400 of the code for taxable years beginning in 1946 and ending in 1947. This amendment adds another subsection to section 108 of the code to provide for the computation of the tax imposed by such sections for taxable years beginning in 1947 and ending in 1948. The House recesses.

HAROLD KNUTSON,
DANIEL A. REED,
ROY O. WOODRUFF,
R. L. DOUGHTON,

Managers on the Part of the House.

