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(Original Signature of Member)

112TH CONGRESS  
1ST SESSION

# H. R.

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To amend the Internal Revenue Code of 1986 to impose a surcharge on high income individuals.

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## IN THE HOUSE OF REPRESENTATIVES

Mr. HASTINGS of Florida introduced the following bill; which was referred to the Committee on \_\_\_\_\_

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# A BILL

To amend the Internal Revenue Code of 1986 to impose a surcharge on high income 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 “Fairness in the Amer-  
5 ican Tax Code Act of 2011”.

6 **SEC. 2. SURCHARGE ON HIGH INCOME INDIVIDUALS.**

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

1       **“PART VIII—SURCHARGE ON HIGH INCOME**  
2                                   **INDIVIDUALS**

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

3       **“SEC. 59B. SURCHARGE ON HIGH INCOME INDIVIDUALS.**

4           “(a) IN GENERAL.—In the case of a taxpayer other  
5 than a corporation, there is hereby imposed (in addition  
6 to any other tax imposed by this subtitle) a tax equal to—

7                   “(1) 5 percent of so much of the modified ad-  
8 justed gross income of the taxpayer as exceeds  
9 \$350,000 but does not exceed \$500,000,

10                   “(2) 10 percent of so much of the modified ad-  
11 justed gross income of the taxpayer as exceeds  
12 \$500,000 but does not exceed \$1,000,000,

13                   “(3) 15 percent of so much of the modified ad-  
14 justed gross income of the taxpayer as exceeds  
15 \$1,000,000 but does not exceed \$10,000,000, and

16                   “(4) 20 percent of so much of the modified ad-  
17 justed gross income of the taxpayer as exceeds  
18 \$10,000,000.

19           “(b) TAXPAYERS NOT MAKING A JOINT RETURN.—  
20 In the case of any taxpayer other than a taxpayer making  
21 a joint return under section 6013 or a surviving spouse  
22 (as defined in section 2(a)), subsection (a) shall be applied  
23 by substituting for each of the dollar amounts therein  
24 (after any increase determined under subsection (d)) a  
25 dollar amount equal to—

1           “(1) 50 percent of the dollar amount so in ef-  
2           fect in the case of a married individual filing a sepa-  
3           rate return, and

4           “(2) 80 percent of the dollar amount so in ef-  
5           fect in any other case.

6           “(c) MODIFIED ADJUSTED GROSS INCOME.—For  
7           purposes of this section, the term ‘modified adjusted gross  
8           income’ means adjusted gross income reduced by any de-  
9           duction allowed for investment interest (as defined in sec-  
10          tion 163(d)). In the case of an estate or trust, adjusted  
11          gross income shall be determined as provided in section  
12          67(e).

13          “(d) INFLATION ADJUSTMENTS.—

14                 “(1) IN GENERAL.—In the case of taxable years  
15                 beginning after 2011, the dollar amounts in sub-  
16                 section (a) shall be increased by an amount equal  
17                 to—

18                         “(A) such dollar amount, multiplied by

19                         “(B) the cost-of-living adjustment deter-  
20                         mined under section 1(f)(3) for the calendar  
21                         year in which the taxable year begins, deter-  
22                         mined by substituting ‘calendar year 2010’ for  
23                         ‘calendar year 1992’ in subparagraph (B)  
24                         thereof.

1           “(2) ROUNDING.—If any amount as adjusted  
2           under paragraph (1) is not a multiple of \$5,000,  
3           such amount shall be rounded to the next lowest  
4           multiple of \$5,000.

5           “(e) SPECIAL RULES.—

6           “(1) NONRESIDENT ALIENS.—In the case of a  
7           nonresident alien individual, only amounts taken  
8           into account in connection with the tax imposed  
9           under section 871(b) shall be taken into account  
10          under this section.

11          “(2) CITIZENS AND RESIDENTS LIVING  
12          ABROAD.—The dollar amounts in effect under sub-  
13          section (a) (after the application of subsections (b)  
14          and (d)) shall be decreased by the excess of—

15                 “(A) the amounts excluded from the tax-  
16                 payer’s gross income under section 911, over

17                 “(B) the amounts of any deductions or ex-  
18                 clusions disallowed under section 911(d)(6)  
19                 with respect to the amounts described in sub-  
20                 paragraph (A).

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

1           “(4) TAX NOT TREATED AS TAX IMPOSED BY  
2           THIS CHAPTER FOR CERTAIN PURPOSES.—The tax  
3           imposed under this section shall not be treated as  
4           tax imposed by this chapter for purposes of deter-  
5           mining the amount of any credit under this chapter  
6           or for purposes of section 55.”.

7           (b) CLERICAL AMENDMENT.—The table of parts for  
8           subchapter A of chapter 1 of such Code is amended by  
9           inserting after the item relating to part VII the following  
10          new item:

                  “PART VIII. SURCHARGE ON HIGH INCOME INDIVIDUALS.”.

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

15          (d) EFFECTIVE DATE.—The amendments made by  
16          this section shall apply to taxable years beginning after  
17          December 31, 2011.