

CONFERENCE AGREEMENT

The conference agreement does not include the House bill.

VII. ALTERNATIVE MINIMUM TAX

A. INDIVIDUAL ALTERNATIVE MINIMUM TAX RELIEF (SEC. 3(C) OF H.R. 6, SEC. 701 OF THE SENATE AMENDMENT AND SEC. 55 OF THE CODE)

PRESENT LAW

Present law imposes an alternative minimum tax ("AMT") on individuals to the extent that the tentative minimum tax exceeds the regular tax. An individual's tentative minimum tax generally is an amount equal to the sum of (1) 26 percent of the first \$175,000 (\$87,500 in the case of a married individual filing a separate return) of alternative minimum taxable income ("AMTI") in excess of an exemption amount and (2) 28 percent of the remaining AMTI. AMTI is the individual's taxable income adjusted to take account of specified preferences and adjustments.

The AMT exemption amounts are: (1) \$45,000 in the case of married individuals filing a joint return and surviving spouses; (2) \$33,750 in the case of other unmarried individuals; and (3) \$22,500 in the case of married individuals filing a separate return, estates and trusts. The exemption amounts are phased out by an amount equal to 25 percent of the amount by which the individual's AMTI exceeds (1) \$150,000 in the case of married individuals filing a joint return and surviving spouses, (2) \$112,500 in the case of other unmarried individuals, and (3) \$75,000 in the case of married individuals filing separate returns or an estate or a trust. The exemption amounts, the threshold phase-out amounts, and rate brackets are not indexed for inflation.

HOUSE BILL

No provision.

However, H.R. 6, as passed by the House, increases the AMT exemption amount for married couples filing a joint return and surviving spouses by \$1,000 in 2005, by an additional \$500 in 2006, and by an additional \$500 every even-numbered year thereafter. The exemption amount for married individuals filing a separate return is one-half the exemption amount for a married couple filing a joint return.

Effective date.—The provision applies to taxable years beginning after December 31, 2004.

SENATE AMENDMENT

The Senate amendment increases the AMT exemption amount for married couples filing a joint return and surviving spouses by \$4,000. The AMT exemption amounts for other individuals (i.e., unmarried individuals and married individuals filing a separate return) are increased by \$2,000.

Effective date.—The provision applies to taxable years beginning after December 31, 2000, and before January 1, 2007.

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The conference agreement increases the AMT exemption amount for married couples filing a joint return and surviving spouses by \$4,000. The AMT exemption amounts for other individuals (i.e., unmarried individuals and married individuals filing a separate return) are increased by \$2,000.

Effective date.—The provision applies to taxable years beginning after December 31, 2000, and beginning before January 1, 2005.