The American Tax Relief Act of 2012

The President's initial proposal to Senate Republicans included a $1.6 trillion tax increase, a permanent increase in the nation's debt limit, and billions in new stimulus spending. By contrast, the current proposal stops a tax increase for 99 percent of taxpayers and makes permanent nearly 90 percent of the tax policy enacted during the George W. Bush administration. It protects tens of millions of families and small businesses from a tax hike. It permanently protects tens of thousands of farmers, ranchers, and family businesses from needing to visit the IRS upon the death of a loved one. And it protects the bipartisan spending cuts enacted into law in 2011 without raising the nation's debt limit.

Tax Policy

- **Marginal Rates:** Permanent extension of current policy up to $400,000 for singles, $450,000 for married couples.
- **Capital Gains & Dividends:** Permanent: 15% top capital gains and dividends rate up to $400k (singles), $450k (married); 20% rate for both above threshold.
- **Death Tax:** Permanent extension of current policy on portability and unification with a $5M exemption indexed for inflation and a 40% top rate.
- **PEP & Pease:** Permanent relief from PEP & Pease under $250,000 (single), $300,000 (married).
- **AMT:** Permanently index AMT for inflation.
- **Tax Extenders:** Adopts package reported by Finance Committee in 2012, with a 2 year extension through 2013.
- **Temporary Payroll Tax Cut:** Allowed to expire.
- **Bonus Depreciation:** 1 year extension of 50% Bonus Depreciation.
- **Stimulus Tax Credits:** 5 year extension.
- **Deduction Cap:** There is no cap on deductions.

Spending Policy

- **Debt Limit:** No increase in the debt limit -- remains at $16.394 trillion.
- **Sequester:** sequester is turned off for two months and paid for with a reduction in discretionary spending cap for 2013 and 2014, and expanding eligibility for Roth conversion.
- **CLASS Act:** CLASS Act entitlement repealed.
- **Doc Fix:** 1 year extension paid for by reducing Medicare spending.
- **Unemployment Insurance:** 1 year extension of current extended weeks of UI.
- **Farm Bill:** Provides for a one year extension of the Food, Conservation and Energy Act of 2008 at no additional cost to the taxpayer.