

The Wyden-Gregg Bipartisan Tax Fairness & Simplification Act of 2010

REPEALS OF TAX CREDITS, DEDUCTIONS, EXCLUSIONS, AND OTHER PREFERENCES

Individual Tax Credits, Deductions and Exclusions from Income Repealed

- Exclusion of income earned abroad by U.S. citizens
- Exclusion of certain allowances for Federal employees abroad
- Exclusion of employee meals and lodging
- Exclusion of benefits under cafeteria plans
- Exclusion of miscellaneous fringe benefits
- Exclusion of employee awards
- Exclusion of income earned by voluntary employees' beneficiary associations
- Exclusion of premiums on group term life insurance, accident and disability insurance
- Deferral of interest on savings bonds
- Deduction for moving expenses
- Miscellaneous itemized deductions subject to the 2-percent floor

Corporate Tax Credits, Deductions and Exclusions from Income Repealed

- Inventory property sales source rule exception
- Deferral of Active Income for controlled foreign corporations
- Reduced rates on first \$10 million of corporate taxable income
- Deferral of Active Financing Income
- Deferral of gain on non-dealer installment sales
- Special tax rate for nuclear decommissioning reserve fund
- Exception from net operating loss limitations for corporations in bankruptcy proceeding
- Excess of percentage over cost depletion for fuels
- Deferral of gain from disposition of electric transmission property to implement FERC policy
- Expensing of energy exploration and development costs
- Completed contract rules
- Tax credit for enhanced oil recovery costs
- Depreciation of equipment in excess of alternative minimum tax depreciation
- Lower of cost or market valuation method for inventory
- Deduction for punitive damages
- Section 199 production activity deduction
- Advance refunding of 503(c)(3) and governmental bonds

Other Changes

Among other tax law changes, the bill will:

- Index the interest deduction for corporate debt to disallow the part of the deduction that reflects inflation
- Require financial intermediaries to identify to the IRS all beneficial owners of accounts to whom they transmit income and to withhold 30 percent of that income if they do not identify those owners
- Require information reporting on payments to corporations
- Use chained CPI-U instead of the standard CPI-U to index parts of the tax code
- Change the exemption for interest on state and local bonds to a tax credit
- Apply the Medicare payroll tax to all state and local government employees
- Legalize, regulate and tax Internet gaming
- Consolidate tax credits and deductions for education expenses
- Modify the foreign tax credit rules applicable to large integrated oil companies
- Reinstitute the per country foreign tax credit
- Codify the "economic substance doctrine"
- Modify the tax treatment of travel on corporate aircraft
- Disallow a portion of the benefit of the LIFO inventory method for large integrated oil companies