

The American Tax Relief Act of 2012

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- **CLASS Act:** CLASS Act entitlement repealed.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.