To amend the Internal Revenue Code of 1986 to increase the AMT refundable credit amount for individuals with long-term unused credits for prior year minimum tax liability, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

OCTOBER 16, 2007

Mr. VAN HOLLEN (for himself, Mr. SAM JOHNSON of Texas, Mr. NEAL of Massachusetts, and Mr. RAMSTAD) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to increase the AMT refundable credit amount for individuals with long-term unused credits for prior year minimum tax liability, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “AMT Credit Fairness and Relief Act of 2007”.

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SEC. 2. INCREASE OF AMT REFUNDABLE CREDIT AMOUNT

FOR INDIVIDUALS WITH LONG-TERM UNUSED

CREDITS FOR PRIOR YEAR MINIMUM TAX LIABILITY, ETC.

(a) IN GENERAL.—Paragraph (2) of section 53(e) of
the Internal Revenue Code of 1986 is amended to read
as follows:

“(2) AMT REFUNDABLE CREDIT AMOUNT.—

For purposes of paragraph (1), the term ‘AMT re-
fundable credit amount’ means, with respect to any
taxable year, the amount (not in excess of the long-
term unused minimum tax credit for such taxable
year) equal to the greater of—

“(A) 50 percent of the long-term unused
minimum tax credit for such taxable year, or

“(B) the amount (if any) of the AMT re-
fundable credit amount determined under this
paragraph for the taxpayer’s preceding taxable
year.”.

(b) TREATMENT OF CERTAIN UNDERPAYMENTS, IN-
TEREST, AND PENALTIES ATTRIBUTABLE TO THE TREAT-
MENT OF INCENTIVE STOCK OPTIONS.—Section 53 of
such Code is amended by adding at the end the following
new subsection:
“(f) Treatment of Certain Underpayments, Interest, and Penalties Attributable to the Treatment of Incentive Stock Options.—

“(1) Abatement.—Any underpayment of tax outstanding on the date of the enactment of this subsection which is attributable to the application of section 56(b)(3) for any taxable year ending before January 1, 2007 (and any interest or penalty with respect to such underpayment which is outstanding on such date of enactment), is hereby abated. No credit shall be allowed under this section with respect to any amount abated under this paragraph.

“(2) Increase in Credit for Certain Interest and Penalties Already Paid.—Any interest or penalty paid before the date of the enactment of this subsection which would (but for such payment) have been abated under paragraph (1) shall be treated for purposes of this section as an amount of adjusted net minimum tax imposed for the taxable year of the underpayment to which such interest or penalty relates.”.

(c) Effective Date.—

(1) In General.—Except as provided in paragraph (2), the amendment made by this section shall
apply to taxable years beginning after December 31, 2006.

(2) ABATEMENT.—Section 53(f)(1) of the Internal Revenue Code of 1986, as added by subsection (b), shall take effect on the date of the enactment of this Act.