117TH CONGRESS
1ST SESSION

S. ______

To amend the Internal Revenue Code of 1986 to impose a surtax on high income individuals.

IN THE SENATE OF THE UNITED STATES

Mr. Van Hollen introduced the following bill; which was read twice and referred to the Committee on _____________

A BILL

To amend the Internal Revenue Code of 1986 to impose a surtax on high income individuals.

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 “Millionaires Surtax Act”.

SEC. 2. SURCHARGE ON HIGH INCOME INDIVIDUALS.

(a) IN GENERAL.—Subchapter A of chapter 1 of the Internal Revenue Code of 1986 is amended by adding at the end the following new part:
“PART VIII—SURCHARGE ON HIGH INCOME INDIVIDUALS

Sec. 59B. Surcharge on high income individuals.

(a) General Rule.—In the case of a taxpayer other than a corporation, there is hereby imposed (in addition to any other tax imposed by this subtitle) a tax equal to 10 percent of so much of the modified adjusted gross income of the taxpayer as exceeds $2,000,000.

(b) Taxpayers Not Making a Joint Return.—In the case of any taxpayer other than a taxpayer making a joint return under section 6013 or a surviving spouse (as defined in section 2(a)), subsection (a) shall be applied by substituting ‘$1,000,000’ for ‘$2,000,000’.

(c) Modified Adjusted Gross Income.—For purposes of this section, the term ‘modified adjusted gross income’ means adjusted gross income reduced by any deduction (not taken into account in determining adjusted gross income) allowed for investment interest (as defined in section 163(d)). In the case of an estate or trust, adjusted gross income shall be determined as provided in section 67(e).

(d) Special Rules.—

(1) Nonresident alien.—In the case of a nonresident alien individual, only amounts taken into account in connection with the tax imposed
under section 871(b) shall be taken into account under this section.

“(2) CITIZENS AND RESIDENTS LIVING ABROAD.—The dollar amount in effect under subsection (a) (after the application of subsection (b)) shall be decreased by the excess of—

“(A) the amounts excluded from the taxpayer’s gross income under section 911, over

“(B) the amounts of any deductions or exclusions disallowed under section 911(d)(6) with respect to the amounts described in subparagraph (A).

“(3) CHARITABLE TRUSTS.—Subsection (a) shall not apply to a trust all the unexpired interests in which are devoted to one or more of the purposes described in section 170(c)(2)(B).

“(4) NOT TREATED AS TAX IMPOSED BY THIS CHAPTER FOR CERTAIN PURPOSES.—The tax imposed under this section shall not be treated as tax imposed by this chapter for purposes of determining the amount of any credit under this chapter or for purposes of section 55.”.

(b) CLERICAL AMENDMENT.—The table of parts for subchapter A of chapter 1 of the Internal Revenue Code
of 1986 is amended by adding at the end the following new item:

"PART VIII—Surcharge on High Income Individuals".

(c) SECTION 15 NOT TO APPLY.—The amendment made by subsection (a) shall not be treated as a change in a rate of tax for purposes of section 15 of the Internal Revenue Code of 1986.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2021.