

106TH CONGRESS
2D SESSION

H. R. 5064

To amend the Internal Revenue Code of 1986 to allow employees and self-employed individuals to deduct taxes paid for social security and medicare.

IN THE HOUSE OF REPRESENTATIVES

JULY 27, 2000

Mr. McCRERY 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 allow employees and self-employed individuals to deduct taxes paid for Social Security and Medicare.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. DEDUCTION ALLOWED FOR TAXES PAID BY EM-**
4 **PLOYEES UNDER THE FEDERAL INSURANCE**
5 **CONTRIBUTIONS ACT AND ANALOGOUS**
6 **TAXES UNDER THE RAILROAD RETIREMENT**
7 **TAX ACT.**

8 (a) IN GENERAL.—Subsection (f) of section 164 of
9 the Internal Revenue Code of 1986 (relating to deduction

1 for one-half of self-employment taxes) is amended to read
2 as follows:

3 “(f) DEDUCTION FOR TAXES PAID BY EMPLOYEES
4 AND SELF-EMPLOYED INDIVIDUALS.—In the case of an
5 individual, in addition to the taxes described in subsection
6 (a), there shall be allowed as a deduction for the taxable
7 year an amount equal to—

8 “(1) the taxes imposed by section 3101 (relat-
9 ing to tax on employees under the Federal Insurance
10 Contributions Act) and the taxes imposed by sec-
11 tions 3201(a) and 3211(a)(1) (relating to the taxes
12 on railroad employees and railroad employee rep-
13 resentatives) for such taxable year, and

14 “(2) in the case of a self-employed individual
15 (within the meaning of section 401(c)), the taxes im-
16 posed by section 1401 for such taxable year.

17 For purposes of this chapter, one-half of the deduction
18 allowed by paragraph (2) shall be treated as attributable
19 to a trade or business carried on by the taxpayer which
20 does not consist of the performance of services by the tax-
21 payer as an employee.”.

22 (b) DEDUCTION ALLOWED WHETHER OR NOT TAX-
23 PAYER ITEMIZES OTHER DEDUCTIONS.—Subsection (a)
24 of section 62 of such Code is amended by inserting after
25 paragraph (17) the following new paragraph:

1 “(18) SOCIAL SECURITY AND MEDICARE
2 TAXES.—The deduction allowed by section 164(f).”.

3 (c) CONFORMING AMENDMENT.—Paragraph (1) of
4 section 275(a) of the Internal Revenue Code of 1986 (re-
5 lating to certain taxes not deductible) is amended to read
6 as follows:

7 “(1) Federal income taxes, including—

8 “(A) the taxes imposed by sections
9 3201(b) and 3211(a)(2) (relating to the taxes
10 on railroad employees and railroad employee
11 representatives); and

12 “(B) the tax withheld at source on wages
13 under section 3402.”

14 (d) EFFECTIVE DATE.—The amendments made by
15 this section shall apply to taxable years beginning after
16 December 31, 2000.

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