



## COMPREHENSIVE LIST OF ALL TAX HIKES IN HOUSE GOVERNMENT HEALTH BILL (Updated)

**Employer Mandate Excise Tax** (Page 275): If an employer does not pay 72.5 percent of a single employee's health premium (65 percent of a family employee), the employer must pay an excise tax equal to 8 percent of average wages. Small employers (measured by payroll size) have smaller payroll tax rates of 0 percent (<\$500,000), 2 percent (\$500,000-\$585,000), 4 percent (\$585,000-\$670,000), and 6 percent (\$670,000-\$750,000).

**Individual Mandate Surtax** (Page 296): If an individual fails to obtain qualifying coverage, he must pay an income surtax equal to the lesser of 2.5 percent of modified adjusted gross income (MAGI) or the average premium. MAGI adds back in the foreign earned income exclusion and municipal bond interest.

**Medicine Cabinet Tax** (Page 324): Non-prescription medications would no longer be able to be purchased from health savings accounts (HSAs), flexible spending accounts (FSAs), or health reimbursement arrangements (HRAs). Insulin excepted.

**Cap on FSAs** (Page 325): FSAs would face an annual cap of \$2500 (currently uncapped).

**Increased Additional Tax on Non-Qualified HSA Distributions** (Page 326): Non-qualified distributions from HSAs would face an additional tax of 20 percent (current law is 10 percent). This disadvantages HSAs relative to other tax-free accounts (e.g. IRAs, 401(k)s, 529 plans, etc.)

**Denial of Tax Deduction for Employer Health Plans Coordinating with Medicare Part D** (managers' amendment delays until 2012) (Page 327): This would further erode private sector participation in delivery of Medicare services.

**Surtax on Individuals and Small Businesses** (Page 336): Imposes an income surtax of 5.4 percent on MAGI over \$500,000 (\$1 million married filing jointly). MAGI adds back in the itemized deduction for margin loan interest. This would raise the top marginal tax rate in 2011 from 39.6 percent under current law to 45 percent—a new effective top rate.

**Excise Tax on Medical Devices** (Page 339): Imposes a new excise tax on medical device manufacturers equal to 2.5 percent of the wholesale price. It excludes retail sales and unspecified medical devices sold to the general public.

**Corporate 1099-MISC Information Reporting** (Page 344): Requires that 1099-MISC forms be issued to corporations as well as persons for trade or business payments. Current law limits to just persons for small business compliance complexity reasons. Also expands reporting to exchanges of property.

**Repeal of Worldwide Allocation of Interest** (Page 345): Repeals the worldwide allocation of interest, a corporate tax relief provision from the American Jobs Creation Act (original bill was a 9-year delay)

**Limitation on Tax Treaty Benefits for Certain Payments** (Page 346): Increases taxes on U.S. employers with overseas operations looking to avoid double taxation of earnings.

**Codification of the "Economic Substance Doctrine"** (Page 349): Empowers the IRS to disallow a perfectly legal tax deduction or other tax relief merely because the IRS deems that the motive of the taxpayer was not primarily business-related.

**Application of "More Likely Than Not" Rule** (Page 357): Publicly-traded partnerships and corporations with annual gross receipts in excess of \$100 million have raised standards on penalties. If there is a tax underpayment by these taxpayers, they must be able to prove that the estimated tax paid would have more likely than not been sufficient to cover final tax liability.

**Deny Cellulosic Biofuel Producer Tax Credit to "Black Liquor" Resulting from Wood Pulp in Paper Production** (Managers' Amendment Page 14)

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