

Joint Committee On Taxation  
June 19, 1984  
JCX-25-84

The attached items were provided for the information of the conferees only and do not necessarily reflect any decisions made in the conference.

June 19, 1984

Revised Senate Offer on Estate and Gift Tax Provisions

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| 4. Maximum estate and gift tax rates (sec. 21 of the House bill) (p. 12)  | Senate recedes with an amendment freezing the top rate at 55 percent through 1987, declining to 50 percent in 1988, and thereafter. |
| 190. Installment payments of estate tax attributable to interests in closely held businesses (sec. 812 of the House bill and sec. 801 of the Senate amendment) (p. 280) | House recedes with technical modifications.   |
| 191. Repeal of generation-skipping transfer tax (sec. 802 of the Senate amendment) (p. 280)   | Senate recedes.   |
| 192. Treatment of certain disclaimers (sec. 803 of the Senate amendment) (p. 282)   | House recedes without the 90-day window.  |

June 19, 1984  
Revised Senate Offer on Credits and Other Items

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| 5. Windfall profit tax rate on newly discovered oil (sec. 25 of the House bill) (p. 12)   | House recedes.  |
| 29. Increase in reduction of certain corporate tax preference items from 15 percent to 20 percent (sec. 45 of the Senate amendment) (p. 44) | House recedes.  |
| 39. Consolidated returns (sec. 61 of the House bill and sec. 52 of the Senate amendment) (p. 58)  | <u>Effective date.</u> -- House recedes with amendments making grandfather date the date of conference action, and exempting (1) through 1987 certain transactions where 80 percent voting control is retained but ownership by value drops to between 80 and 50 percent, and (2) Alaska Native Claims corporations through 1991.   |
| 50. Prepaid expenses (sec. 91 of the House bill and sec. 71 of the Senate amendment) (p. 72)  | Senate recedes with an amendment providing an exception that would allow a deduction for prepaid expenses where economic performance occurs after the end of the year under the following conditions: (a) economic performance occurs with 90 days after the end of the taxable year, (b) deduction would be limited to the cash investment made by the taxpayer, and (c) the requirements of present law are met. For purposes of this exception, in the case of oil and gas, economic performance would occur when drilling of the well is commenced. |

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| 156. Divestiture of grandfathered holding (sec. 311 of Senate amendment) (p. 206)         | House recedes.  |
| 232. Residential renewable energy tax credits (sec. 855 of the Senate amendment) (p. 328) | House recedes with amendment extending residential renewable energy credits for one year, through 1986.   |
| 233. Business energy tax credits (sec. 855 of the Senate amendment) (p. 328)              |   |
| (a) Solar, wind, geothermal and ocean thermal property                                    | (a) House recedes with an amendment extending the credit for one year, through 1986.  |
| (b) Geothermal property   | (b) House recedes.  |
| (c) Dual purpose  | (c) House recedes.  |
| (d) Biomass property  | (d) House recedes.  |
| (e) Shale oil hydro-generation equipment  | (e) House recedes.  |
| (f) Tar sands equipment   | (f) House recedes with an amendment terminating the credit at the end of 1986.  |
| (g) Affirmative commitment rule   | (g) House recedes with an amendment providing, in the case of synthetic fuels projects, for permitting before 1986, binding contracts before 1989 and completion before 1992. For solar, wind geothermal and ocean thermal the affirmative commitment rule would require permitting before 1989, contracting before July 1, 1989, and completion before 1992. |
| (h) Photovoltaics   | (h) House recedes for one year.   |

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| 234. Definition of new energy property (sec. 174 of the Senate amendment) (p. 332)   | House recedes.   |
| 235. Targeted jobs credit (sec. 856 of the Senate amendment) (p. 332)  | House recedes with amendment extending the credit for two years through 1986.                    |
| 236. Earned income credit (sec. 868 of the Senate amendment) (p. 334)  | House recedes.   |
| 237. Investment tax credit for soil and water conservation expenditures; increase in cost recovery period for single purpose agricultural structures (sec. 892 and 893 of Senate amendment) (p. 336) | House recedes on soil and water conservation credits; Senate recedes on agricultural structures. |
| 239. Research tax credit (sec. 882 of the Senate amendment) (p. 340)   | House recedes with an amendment extending the credit for one year through 1986.                  |

