Jobs and Growth Tax Relief Reconciliation Act of 2003

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The **Jobs and Growth Tax Relief Reconciliation Act of 2003** ("**JGTRRA**", Pub.L. 108–27 (http://legislink.org/us/pl-108-27), 117 Stat. 752 (http://legislink.org/us/stat-117-752)), was passed by the United States Congress on May 23, 2003 and signed into law by President George W. Bush on May 28, 2003. Nearly all of the cuts (individual rates, capital gains, dividends, estate tax) were set to expire after 2010.[1]

Among other provisions, the act accelerated certain tax changes passed in the Economic Growth and Tax Relief Reconciliation Act of 2001, increased the exemption amount for the individual Alternative Minimum Tax, and lowered taxes of income from dividends and capital gains. The 2001 and 2003 acts are known together as the "Bush tax cuts".

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Jobs and Growth Tax Relief Reconciliation Act of 2003

Long title	An act to provide for reconciliation pursuant to section 201 of the concurrent resolution on the budget for fiscal year 2004.
Acronyms (colloquial)	JGTRRA
Enacted by	the 108th United States Congress

Citations

Public law	Pub.L. 108–27 (http://legislink.org/us/pl-108-27)
Statutes at Large	117 Stat. 752 (http://legislink.org/us/stat-117-752)

Legislative history

- **Introduced in the House as** H.R. 2 (https://www.congress.gov/bill/108th-congress/house-bill/2) **by** Bill Thomas (R-CA) **on** February 27, 2003
- **Committee consideration by** House Ways and Means
- **Passed the House on** May 9, 2003 (222–203 (http://clerk.house.gov/evs/2003/roll182.xml))
- **Passed the Senate on** May 15, 2003 (51-49 (http://www.senate.gov/legislative/LIS/roll_call_lists/roll_call_vote_cfm.cfm?congress=108&session=1&vote=00179))
- **Reported by the joint conference committee on** May 23, 2003; **agreed to by the House on** May 23, 2003 (231–200 (http://clerk.house.gov/evs/2003/roll225.xml)) **and by the Senate on** May 23, 2003 (50–50, Vice President Voted Aye (http://www.senate.gov/legislative/LIS/roll_call_lists/roll_call_vote_cfm.cfm?congress=108&session=1&vote=00196))
- **Signed into law by President** George W. Bush **on** May 28, 2003

Description of cuts

JGTRRA continued on the precedent established by the 2001 EGTRRA, while increasing tax reductions on investment income from dividends and capital gains.

Accelerated credits and rate reductions

JGTRRA accelerated the gradual rate reduction and increase in credits passed in EGTRRA. The maximum tax rate decreases originally scheduled to be phased into effect in 2006 under EGTRRA were retroactively enacted to apply to the 2003 tax year. Also, the child tax credit was increased to what would have been the 2010 level, and "marriage penalty" relief was accelerated to 2009 levels. In addition, the threshold at which the alternative minimum tax applies was also increased.

Investments

JGTRRA increased both the percentage rate at which items can be depreciated and the amount a taxpayer may choose to expense under Section 179, allowing them to deduct the full cost of the item from their income without having to depreciate the amount.

In addition, the capital gains tax decreased from rates of 8%, 10%, and 20% to 5% and 15%. Capital gains taxes for those currently paying 5% (in this instance, those in the 10% and 15% income tax brackets) are scheduled to be eliminated in 2008. However, capital gains taxes remain at the regular income tax rate for property held less than one year.

Certain categories, such as collectibles, remained taxed at existing rates, with a 28% cap. In addition, taxes on "qualified dividends" were reduced to the capital gains levels. "Qualified dividends" includes most income from non-foreign corporations, real estate investment trusts, and credit union and bank "dividends" that are nominally interest.

Legislative History

Final House vote:

Vote by Party	**Yes**		**No**	
Republicans	224	99.6%	1	0.4%
Democrats	7	3.4%	198	96.6%
Independents	0	0.0%	1	100%
Total	**231**	**53.6%**	**200**	**46.4%**
Not voting	4		0	

Final Senate vote:

Vote by Party	Yea	Nay
Republicans	48	3
Democrats	2	46
Independents	0	1
Total	**50**	**50**
Vice President Dick Cheney(R): Yes		

Tax bracket comparison

The tax cuts enacted by this legislation were retroactive to January 1, 2003 and first applied to taxes filed for the 2003 tax year. These individual rate reductions are scheduled to sunset on January 1, 2011 along with the Economic Growth and Tax Relief Reconciliation Act of 2001 unless further legislation is enacted to extend or make permanent its changes.[2] This comparison shows how the ordinary taxable income brackets for each filing status were changed.

Single

Tax Year 2002[3]		Tax Year 2003[4]	
Income level	**Tax rate**	**Income level**	**Tax rate**
up to $6,000	10%	up to $7,000	10%
$6,000 - $27,950	15%	$7,000 - $28,400	15%
$27,950 - $67,700	27%	$28,400 - $68,800	25%
$67,700 - $141,250	30%	$68,800 - $143,500	28%
$141,250 - $307,050	35%	$143,500 - $311,950	33%
over $307,050	38.6%	over $311,950	35%

Married filing jointly or qualifying widow or widower

Tax Year 2002[3]		Tax Year 2003[4]	
Income level	**Tax rate**	**Income level**	**Tax rate**
up to $12,000	10%	up to $14,000	10%
$12,000 - $46,700	15%	$14,000 - $56,800	15%
$46,700 - $112,850	27%	$56,800 - $114,650	25%
$112,850 - $171,950	30%	$114,650 - $174,700	28%
$171,950 - $307,050	35%	$174,700 - $311,950	33%
over $307,050	38.6%	over $311,950	35%

Married filing separately

Tax Year 2002[3]		Tax Year 2003[4]	
Income level	**Tax rate**	**Income level**	**Tax rate**
up to $6,000	10%	up to $7,000	10%
$6,000 - $23,350	15%	$7,000 - $28,400	15%
$23,350 - $56,425	27%	$28,400 - $57,325	25%
$56,425 - $85,975	30%	$57,325 - $87,350	28%
$85,975 - $153,525	35%	$87,350 - $155,975	33%
over $153,525	38.6%	over $155,975	35%

Head of household

Tax Year 2002[3]		Tax Year 2003[4]	
Income level	**Tax rate**	**Income level**	**Tax rate**
up to $10,000	10%	up to $10,000	10%
$10,000 - $37,450	15%	$10,000 - $38,050	15%
$37,450 - $96,700	27%	$38,050 - $98,250	25%
$96,700 - $156,600	30%	$98,250 - $159,100	28%
$156,600 - $307,050	35%	$159,100 - $311,950	33%
over $307,050	38.6%	over $311,950	35%

See also

- Taxation in the United States
- Starve the beast - Post 1970s taxation/budget policy
- Bush tax cuts

References

1. "Tax Policy Under President Bush". Cato Institute.
2. Bischoff, Bill (2003-05-27). "What the Bush Tax Cut Means for You". *smartmoney.com*. SmartMoney. Retrieved 2008-10-07.
3. "2002 1040 Instructions" (PDF). *IRS.gov*. United States Internal Revenue Service. p. 75. Retrieved 2008-10-07.
4. "2003 1040 Instructions" (PDF). *IRS.gov*. United States Internal Revenue Service. p. 74. Retrieved 2008-10-07.

External links

- Full text of the Act (http://www.scribd.com/doc/24597313/PL-108-27-Jobs-and-Growth-Tax-Relief-Reconciliation-Act-of-2003)
- Summary of the Act(pdf file) (http://www.natptax.com/taxact2003.pdf)
- Senate Roll Call Vote - Jobs and Growth Tax Relief Reconciliation Act (http://www.senate.gov/legisl

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ative/LIS/roll_call_lists/roll_call_vote_cfm.cfm?congress=108&session=1&vote=00196)
- The President's Agenda for Tax Relief (http://georgewbush-whitehouse.archives.gov/news/reports/taxplan.html)
- Effective Federal Tax Rates Under Current Law, 2001 to 2014 (http://www.cbo.gov/showdoc.cfm?index=5746)
- Special Report: Jobs and Growth Tax Relief Reconciliation Act of 2003 (JGTRRA) (http://web.utk.edu/~jwachowi/hr2.html), Prof. John Wachowicz at the University of Tennessee

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