

Exhibit 60

"Sec. 3510. Credit for increased social security employee taxes and railroad retirement tier 1 employee taxes imposed during 1984."

(3) **EFFECTIVE DATE.**—The amendments made by this subsection shall apply to remuneration paid during 1984.

26 USC 3510 note.

(4) **DEPOSITS IN SOCIAL SECURITY TRUST FUNDS.**—For purposes of subsection (h) of section 218 of the Social Security Act (relating to deposits in social security trust funds of amounts received under section 218 agreements), amounts allowed as a credit pursuant to subsection (d) of section 3510 of the Internal Revenue Code of 1954 (relating to credit for remuneration paid during 1984 which is covered under an agreement under section 218 of the Social Security Act) shall be treated as amounts received under such an agreement.

42 USC 418 note.
42 USC 418.

Ante, p. 88.

(5) **DEPOSITS IN RAILROAD RETIREMENT ACCOUNT.**—For purposes of subsection (a) of section 15 of the Railroad Retirement Act of 1974, amounts allowed as a credit under subsection (e) of section 3510 of the Internal Revenue Code of 1954 shall be treated as amounts covered into the Treasury under subsection (a) of section 3201 of such Code.

45 USC 231n note.

45 USC 231n.

SEC. 124. TAXES ON SELF-EMPLOYMENT INCOME; CREDIT AGAINST SUCH TAXES FOR YEARS BEFORE 1990; DEDUCTION OF SUCH TAXES FOR YEARS AFTER 1989.

(a) **INCREASE IN RATES.**—Subsections (a) and (b) of section 1401 of the Internal Revenue Code of 1954 (relating to rates of tax on self-employment income) are amended to read as follows:

26 USC 1401.

"(a) **OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE.**—In addition to other taxes, there shall be imposed for each taxable year, on the self-employment income of every individual, a tax equal to the following percent of the amount of the self-employment income for such taxable year:

"In the case of a taxable year		Percent:
Beginning after:	And before:	
December 31, 1983.....	January 1, 1988	11.40
December 31, 1987.....	January 1, 1990	12.12
December 31, 1989.....		12.40

"(b) **HOSPITAL INSURANCE.**—In addition to the tax imposed by the preceding subsection, there shall be imposed for each taxable year, on the self-employment income of every individual, a tax equal to the following percent of the amount of the self-employment income for such taxable year:

"In the case of a taxable year		Percent:
Beginning after:	And before:	
December 31, 1983.....	January 1, 1985	2.60
December 31, 1984.....	January 1, 1986	2.70
December 31, 1985.....		2.90."

(b) **CREDIT FOR YEARS BEFORE 1990 AGAINST SELF-EMPLOYMENT TAXES.**—Section 1401 of such Code is amended by redesignating subsection (c) as subsection (d) and by inserting after subsection (b) the following new subsection:

"(c) **CREDIT AGAINST TAXES IMPOSED BY THIS SECTION.**—

"(1) **IN GENERAL.**—In the case of a taxable year beginning before 1990, there shall be allowed as a credit against the taxes imposed by this section for any taxable year an amount equal to

the applicable percentage of the self-employment income of the individual for such taxable year.

“(2) **APPLICABLE PERCENTAGE.**—For purposes of paragraph (1), the applicable percentage shall be determined in accordance with the following table:

“In the case of taxable years beginning in:	The applicable percentage is:
1984.....	2.7
1985.....	2.3
1986, 1987, 1988, or 1989.....	2.0.”

(c) ALLOWANCE OF DEDUCTION FOR YEARS AFTER 1989 FOR ONE-HALF OF TAXES ON SELF-EMPLOYMENT INCOME.—

26 USC 164.

(1) **IN GENERAL.**—Section 164 of such Code (relating to deduction for taxes) is amended by redesignating subsection (f) as subsection (g) and by inserting after subsection (e) the following new subsection:

“(f) **DEDUCTION FOR ONE-HALF OF SELF-EMPLOYMENT TAXES.**—

“(1) **IN GENERAL.**—In the case of an individual, in addition to the taxes described in subsection (a), there shall be allowed as a deduction for the taxable year an amount equal to one-half of the taxes imposed by section 1401 for such taxable year.

“(2) **DEDUCTION TREATED AS ATTRIBUTABLE TO TRADE OR BUSINESS.**—For purposes of this chapter, the deduction allowed by paragraph (1) shall be treated as attributable to a trade or business carried on by the taxpayer which does not consist of the performance of services by the taxpayer as an employee.”

26 USC 1402.

(2) **ALTERNATIVE DEDUCTION ALLOWED IN COMPUTING SELF-EMPLOYMENT TAXES.**—Subsection (a) of section 1402 of such Code (defining net earnings from self-employment) is amended by striking out “and” at the end of paragraph (11), by redesignating paragraph (12) as paragraph (13), and by inserting after paragraph (11) the following new paragraph:

“(12) in lieu of the deduction provided by section 164(f) (relating to deduction for one-half of self-employment taxes), there shall be allowed a deduction equal to the product of—

“(A) the taxpayer’s net earnings from self-employment for the taxable year (determined without regard to this paragraph), and

“(B) one-half of the sum of the rates imposed by subsections (a) and (b) of section 1401 for such year; and”.

42 USC 411.

(3) **CONFORMING AMENDMENT TO SOCIAL SECURITY ACT.**—Subsection (a) of section 211 of the Social Security Act is amended by striking out “and” at the end of paragraph (10), by redesignating paragraph (11) as paragraph (12), and by inserting after paragraph (10) the following new paragraph:

“(11) In lieu of the deduction provided by section 164(f) of the Internal Revenue Code of 1954 (relating to deduction for one-half of self-employment taxes), there shall be allowed a deduction equal to the product of—

“(A) the taxpayer’s net earnings from self-employment for the taxable year (determined without regard to this paragraph), and

“(B) one-half of the sum of the rates imposed by subsections (a) and (b) of section 1401 of such Code for such year; and”.

Supra.

(4) **SECTION 164(F) DEDUCTION TAKEN INTO ACCOUNT IN COMPUTING EARNED INCOME.**—

(A) Subparagraph (A) of section 401(c)(2) of such Code (defining earned income) is amended by striking out “and” at the end of clause (iv), by striking out the period at the end of clause (v) and inserting in lieu thereof “, and”, and by inserting after clause (v) the following new clause:

96 Stat. 513.
26 USC 401.

“(vi) with regard to the deduction allowed to the taxpayer by section 164(f).”

Ante, p. 90.
26 USC 43.

(B) Clause (ii) of section 43(c)(2)(A) of such Code is amended by inserting before the period “, but such net earnings shall be determined with regard to the deduction allowed to the taxpayer by section 164(f)”.

(5) CONFORMING AMENDMENT.—Subsection (a) of section 275 of such Code (relating to denial of deduction for certain taxes) is amended by adding at the end thereof the following new sentence:

26 USC 275.

“Paragraph (1) shall not apply to any taxes to the extent such taxes are allowable as a deduction under section 164(f).”

(d) EFFECTIVE DATES.—

26 USC 1401
note.

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to taxable years beginning after December 31, 1983.

(2) SUBSECTION (c).—The amendments made by subsection (c) shall apply to taxable years beginning after December 31, 1989.

SEC. 125. TREATMENT OF CERTAIN FACULTY PRACTICE PLANS.

26 USC 3121
note.

(a) GENERAL RULE.—For purposes of subsection (s) of section 3121 of the Internal Revenue Code of 1954 (relating to concurrent employment by 2 or more employers)—

(1) the following entities shall be deemed to be related corporations:

(A) a State university which employs health professionals as faculty members at a medical school, and

(B) a faculty practice plan described in section 501(c)(3) of such Code and exempt from tax under section 501(a) of such Code—

(i) which employs faculty members of such medical school, and

(ii) 30 percent or more of the employees of which are concurrently employed by such medical school; and

(2) remuneration which is disbursed by such faculty practice plan to a health professional employed by both such entities shall be deemed to have been actually disbursed by such university as a common paymaster and not to have been actually disbursed by such faculty practice plan.

(b) EFFECTIVE DATE.—The provisions of subsection (a) shall apply to remuneration paid after December 31, 1983.

ALLOCATIONS TO DISABILITY INSURANCE TRUST FUND

SEC. 126. (a) Section 201(b)(1) of the Social Security Act is amended by striking out clauses (K) through (M) and inserting in lieu thereof the following: “(K) 1.65 per centum of the wages (as so defined) paid after December 31, 1981, and before January 1, 1983, and so reported, (L) 1.25 per centum of the wages (as so defined) paid after December 31, 1982, and before January 1, 1984, and so reported, (M) 1.00 per centum of the wages (as so defined) paid after December 31, 1983, and before January 1, 1988, and so reported, (N) 1.06 per

42 USC 401.