

IMPORTANT DATES IN U.S. TAX HISTORY

1939 Revenue statutes codified. One out of 32 citizens pays 4% rate.

1943 One out of three people pays taxes. Withholding on salaries and wages introduced.

1926 Revenue Act of 1926 reduces taxes: Too much money being collected.

1954 875-page Internal Revenue Code of 1954 passes. Considered the most monumental overhaul of federal income tax system to date. 3,000 changes to tax rules.

1913 Wyoming casts 37th vote, ratifying the 16th amendment. One in 271 people pays 1% rate.

1969 Tax Reform Act: Major amendments to 1954 overhaul.

1997 Taxpayer Relief Act brings more than 800 changes. Child tax credit, Roth IRAs, higher education breaks for higher education enacted.

2001 Tax Relief Act creates 441 changes. Lowers tax rates, repeals estate tax, increases contribution limits on 401(k)s and IRAs.

2002 The Job Creation and Worker Assistance Act brings business tax relief, including a 5-year net operating loss carryback and extends depreciation.

2003 Jobs and Growth Tax Relief Reconciliation Act lowers taxes on capital gains and dividends, accelerates marginal tax rate cuts, brings marriage penalty relief, increases child tax credit, extends bonus depreciation and more. Bills passed late in the year bring military tax relief and medicare reform.

2007 Congress passed another temporary "fix" for the AMT, extended the reach of the "kiddie tax" to age 18 (age 23 for students) beginning in 2008 and changed the rules on forgiveness of debt to benefit homeowners facing foreclosure or reworking their mortgages.

2004 Back-to-Back tax bills, Working Families Tax Relief Act and American Jobs Creation Act, brought the most tax law changes since 1986. The American Jobs Creation Act gave ordinary taxpayers, as well as businesses of all sizes, tax relief.

2006 Congress passed three major laws affecting taxes and several minor ones, making more than 500 changes to the Internal Revenue Code altogether. Among other things, temporary capital gains and dividend rates of 15% (0% for the bottom two brackets) were extended for two years beyond 2008 and the AMT exemption was increased, but for 2006 only.

2005 Congress used the tax code to encourage energy savings and cope with natural disasters in the Katrina Emergency Tax Relief Act of 2005 and the Gulf Opportunity Zone Act of 2005.

1996 Four bills make over 700 changes, including Medical Savings Accounts and SIMPLE plans.

1993 Clinton's Revenue Reconciliation Act passes by one Vice Presidential vote.

1984 Reagan Tax Reform Act: Most complex bill ever, requires over 180 technical corrections.

1986 Tax Reform Act reduces tax brackets from five or two.

1895 Income tax ruled unconstitutional by U.S. Supreme Court in Pollack v. Farmer's Loan and Trust

1909 16th amendment that authorizes Congress to collect taxes on income is proposed.

1862 Abraham Lincoln enacts emergency measure to pay for Civil War: Minimum 3% tax rate

1872 Lincoln's income tax law lapses.

1894 2% federal income tax enacted.