

Committee Reports ('87 OBRA, , PL 100-203, 12/22/87)

House Explanation

Present Law.

Under present law, the itemized deduction for personal interest is being phased out over the period 1987-90. Personal interest is any interest, other than interest incurred or continued in connection with the conduct of a trade or business (other than the trade or business of performing services as an employee), investment interest, or interest taken into account in computing the taxpayer's income or loss from passive activities for the year. Personal interest also does not include interest on certain deferred estate tax. These rules are phased in and become fully effective in 1991.

Present law provides that qualified residence interest is not subject to the limitation on personal interest. Qualified residence interest is interest on debt secured by a security interest valid against a subsequent purchaser on the taxpayer's principal residence or

Conference Report

The conference agreement follows the House bill except that the agreement does not contain the provision in the House bill relating to boats and mobile homes.

The conferees anticipate that Treasury regulations