AMENDMENT TO
RULES COMMITTEE PRINT 116–12
OFFERED BY MR. RICE OF SOUTH CAROLINA

At the appropriate place in the bill insert the following:

SEC. _____. (a) SHORT TITLE.—This section may be cited as the “Disaster Tax Relief Act of 2019”.

(b) DEFINITIONS.—For purposes of this section—

(1) QUALIFIED DISASTER AREA.—The term “qualified disaster area” means any area with respect to which a major disaster was declared, during the period beginning on January 1, 2018, and ending on the date of the enactment of this Act, by the President under section 401 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act if the incident period of the disaster with respect to which such declaration is made begins after January 1, 2018, and before the date of the enactment of this Act.

(2) QUALIFIED DISASTER ZONE.—The term “qualified disaster zone” means that portion of any qualified disaster area which is determined by the President to warrant individual or individual and
public assistance from the Federal Government
under the Robert T. Stafford Disaster Relief and
Emergency Assistance Act by reason of the qualified
disaster with respect to such disaster area.

(3) QUALIFIED DISASTER.—The term “qualified
disaster” means, with respect to any qualified
disaster area, the disaster by reason of which a
major disaster was declared with respect to such
area.

(4) INCIDENT PERIOD.—The term “incident pe-
riod” means, with respect to any qualified disaster,
the period specified by the Federal Emergency Man-
agement Agency as the period during which such
disaster occurred.

(c) SPECIAL DISASTER-RELATED RULES FOR USE OF
RETIREMENT FUNDS.—

(1) TAX-FAVORED WITHDRAWALS FROM RE-
TIREMENT PLANS.—

(A) IN GENERAL.—Section 72(t) of the In-
ternal Revenue Code of 1986 shall not apply to
any qualified disaster distribution.

(B) AGGREGATE DOLLAR LIMITATION.—

(i) IN GENERAL.—For purposes of
this paragraph, the aggregate amount of
distributions received by an individual
which may be treated as qualified disaster
distributions for any taxable year shall not
exceed the excess (if any) of—

(I) $100,000, over

(II) the aggregate amounts treated
as qualified disaster distributions
received by such individual for all
prior taxable years.

(ii) TREATMENT OF PLAN DISTRIBUTIONS.—If a distribution to an individual
would (without regard to clause (i)) be a
qualified disaster distribution, a plan shall
not be treated as violating any requirement
of the Internal Revenue Code of 1986
merely because the plan treats such dis-
tribution as a qualified disaster distribu-
tion, unless the aggregate amount of such
distributions from all plans maintained by
the employer (and any member of any con-
trolled group which includes the employer)
to such individual exceeds $100,000.

(iii) CONTROLLED GROUP.—For pur-
poses of clause (ii), the term “controlled
group” means any group treated as a sin-
gle employer under subsection (b), (c),
(m), or (o) of section 414 of the Internal Revenue Code of 1986.

(iv) Special rule for individuals affected by more than one disaster.—The limitation of clause (i) shall be applied separately with respect to distributions made with respect to each qualified disaster.

(C) Amount distributed may be repaid.—

(i) In general.—Any individual who receives a qualified disaster distribution may, at any time during the 3-year period beginning on the day after the date on which such distribution was received, make one or more contributions in an aggregate amount not to exceed the amount of such distribution to an eligible retirement plan of which such individual is a beneficiary and to which a rollover contribution of such distribution could be made under section 402(c), 403(a)(4), 403(b)(8), 408(d)(3), or 457(e)(16), of the Internal Revenue Code of 1986, as the case may be.
(ii) Treatment of Repayments of Distributions from Eligible Retirement Plans Other Than IRAs.—For purposes of the Internal Revenue Code of 1986, if a contribution is made pursuant to clause (i) with respect to a qualified disaster distribution from an eligible retirement plan other than an individual retirement plan, then the taxpayer shall, to the extent of the amount of the contribution, be treated as having received the qualified disaster distribution in an eligible rollover distribution (as defined in section 402(c)(4) of such Code) and as having transferred the amount to the eligible retirement plan in a direct trustee to trustee transfer within 60 days of the distribution.

(iii) Treatment of Repayments of Distributions from IRAs.—For purposes of the Internal Revenue Code of 1986, if a contribution is made pursuant to clause (i) with respect to a qualified disaster distribution from an individual retirement plan (as defined by section 7701(a)(37) of such Code), then, to the extent of the
amount of the contribution, the qualified
disaster distribution shall be treated as a
distribution described in section 408(d)(3)
of such Code and as having been trans-
ferred to the eligible retirement plan in a
direct trustee to trustee transfer within 60
days of the distribution.

(D) Definitions.—For purposes of this
paragraph—

(i) Qualified disaster distribution.—Except as provided in subpara-
graph (B), the term "qualified disaster dis-
tribution" means any distribution from an
eligible retirement plan made after the in-
cident beginning date of a qualified dis-
aster and on or before December 31 of the
year after the year in which the incident
period with respect to the disaster begins,
to an individual whose principal place of
abode at any time during the incident pe-
riod of such qualified disaster is located in
the qualified disaster area with respect to
such qualified disaster and who has sus-
tained an economic loss by reason of such
qualified disaster.
(ii) ELIGIBLE RETIREMENT PLAN.—

The term “eligible retirement plan” shall have the meaning given such term by section 402(c)(8)(B) of the Internal Revenue Code of 1986.

(E) INCOME INCLUSION SPREAD OVER 3-YEAR PERIOD.—

(i) IN GENERAL.—In the case of any qualified disaster distribution, unless the taxpayer elects not to have this subparagraph apply for any taxable year, any amount required to be included in gross income for such taxable year shall be so included ratably over the 3-taxable-year period beginning with such taxable year.

(ii) SPECIAL RULE.—For purposes of clause (i), rules similar to the rules of clause (v) of section 408A(d)(3) of the Internal Revenue Code of 1986 shall apply.

(F) SPECIAL RULES.—

(i) EXEMPTION OF DISTRIBUTIONS FROM TRUSTEE TO TRUSTEE TRANSFER AND WITHHOLDING RULES.—For purposes of sections 401(a)(31), 402(f), and 3405 of the Internal Revenue Code of 1986, qual-
fied disaster distributions shall not be
treated as eligible rollover distributions.

(ii) QUALIFIED DISASTER DISTRIBUTIONS TREATED AS MEETING PLAN DISTRIBUTION REQUIREMENTS.—For purposes of the Internal Revenue Code of 1986, a qualified disaster distribution shall be treated as meeting the requirements of sections 401(k)(2)(B)(I), 403(b)(7)(A)(ii), 403(b)(11), and 457(d)(1)(A) of such Code.

(2) RECONTRIBUTIONS OF WITHDRAWALS FOR HOME PURCHASES.—

(A) RECONTRIBUTIONS.—

(i) IN GENERAL.—Any individual who received a qualified distribution may, during the applicable period, make one or more contributions in an aggregate amount not to exceed the amount of such qualified distribution to an eligible retirement plan (as defined in section 402(c)(8)(B) of the Internal Revenue Code of 1986) of which such individual is a beneficiary and to which a rollover contribution of such distribution could be made under section
402(c), 403(a)(4), 403(b)(8), or 408(d)(3),
of such Code, as the case may be.

(ii) Treatment of Repayments.—

Rules similar to the rules of clauses (ii)
and (iii) of paragraph (1)(C) shall apply
for purposes of this subsection.

(B) Qualified Distribution.—For pur-
poses of this subsection, the term “qualified
distribution” means any distribution—

(i) described in section

401(k)(2)(B)(i)(IV), 403(b)(7)(A)(ii) (but
only to the extent such distribution relates
to financial hardship), 403(b)(11)(B), or
72(t)(2)(F), of the Internal Revenue Code
of 1986,

(ii) which was to be used to purchase
or construct a principal residence in a
qualified disaster area, but which was not
so used on account of the qualified disaster
with respect to such area, and

(iii) which was received on or after
the date that is 270 days before the first
day of incident period of the disaster, and

before the date which is 30 days after the
last day of the incident period of such qualified disaster.

(C) APPLICABLE PERIOD.—For purposes of this paragraph, the term “applicable period” means, with respect to any qualified distribution, the period beginning on the first day of the incident period of the disaster and ending on the date that is 180 days after the last day of such incident period.

(3) LOANS FROM QUALIFIED PLANS.—

(A) INCREASE IN LIMIT ON LOANS NOT TREATED AS DISTRIBUTIONS.—In the case of any loan from a qualified employer plan (as defined under section 72(p)(4) of the Internal Revenue Code of 1986) to a qualified individual made during the period beginning on the date of the enactment of this Act and ending on December 31 of the year after the year in which the incident period with respect to the disaster begins—

(i) clause (i) of section 72(p)(2)(A) of such Code shall be applied by substituting “$100,000” for “$50,000”, and

(ii) clause (ii) of such section shall be applied by substituting “the present value
of the nonforfeitable accrued benefit of the employee under the plan” for “one-half of the present value of the nonforfeitable accrued benefit of the employee under the plan”.

(B) DELAY OF REPAYMENT.—In the case of a qualified individual (with respect to any qualified disaster) with an outstanding loan on or after the incident beginning date (of such qualified disaster) from a qualified employer plan (as defined in section 72(p)(4) of the Internal Revenue Code of 1986)—

(i) if the due date pursuant to subparagraph (B) or (C) of section 72(p)(2) of such Code for any repayment with respect to such loan occurs during the period beginning on the incident beginning date of such qualified disaster and ending on December 31 of the year after the year in which the incident period with respect to the disaster begins, such due date shall be delayed for 1 year,

(ii) any subsequent repayments with respect to any such loan shall be appropriately adjusted to reflect the delay in the
due date under subparagraph (A) and any
interest accruing during such delay, and

(iii) in determining the 5-year period
and the term of a loan under subpara-
graph (B) or (C) of section 72(p)(2) of
such Code, the period described in clause
(i) of this subparagraph shall be dis-
regarded.

(C) QUALIFIED INDIVIDUAL.—For pur-
poses of this paragraph, the term “qualified in-
dividual” means any individual—

(i) whose principal place of abode at
any time during the incident period of any
qualified disaster is located in the qualified
disaster area with respect to such qualified
disaster, and

(ii) who has sustained an economic
loss by reason of such qualified disaster.

(4) PROVISIONS RELATING TO PLAN AMEND-
MENTS.—

(A) IN GENERAL.—If this paragraph ap-
plies to any amendment to any plan or annuity
contract, such plan or contract shall be treated
as being operated in accordance with the terms
of the plan during the period described in sub-
paragraph (B)(ii)(I).

(B) AMENDMENTS TO WHICH SUBSECTION
APPLIES.—

(i) IN GENERAL.—This paragraph
shall apply to any amendment to any plan
or annuity contract which is made—

(I) pursuant to any provision of
this section, or pursuant to any regu-
lation issued by the Secretary or the
Secretary of Labor under any provi-
sion of this section, and

(II) on or before the last day of
the first plan year beginning on or
after January 1, 2020, or such later
date as the Secretary may prescribe.

In the case of a governmental plan (as de-
defined in section 414(d) of the Internal Rev-
ue Code of 1986), subclause (II) shall be
applied by substituting the date which is 2
years after the date otherwise applied
under subclause (II).

(ii) CONDITIONS.—This paragraph
shall not apply to any amendment unless—

(I) during the period—
(aa) beginning on the date that this section or the regulation described in clause (i)(I) takes effect (or in the case of a plan or contract amendment not required by this subsection or such regulation, the effective date specified by the plan), and

(bb) ending on the date described in subparagraph (A)(ii) (or, if earlier, the date the plan or contract amendment is adopted),

the plan or contract is operated as if such plan or contract amendment were in effect, and

(II) such plan or contract amendment applies retroactively for such period.

(d) EMPLOYEE RETENTION CREDIT FOR EMPLOYERS AFFECTED BY QUALIFIED DISASTERS.—

(1) IN GENERAL.—For purposes of section 38 of the Internal Revenue Code of 1986, in the case of an eligible employer, the qualified disaster employee retention credit shall be treated as a credit
listed in subsection (b) of such section. For purposes
of this paragraph, the qualified disaster employee re-
tention credit for any taxable year is an amount
equal to 40 percent of the qualified wages with re-
spect to each eligible employee of such employer for
such taxable year. For purposes of the preceding
sentence, the amount of qualified wages which may
be taken into account with respect to any individual
shall not exceed $6,000.

(2) DEFINITIONS.—For purposes of this sub-
section—

(A) ELIGIBLE EMPLOYER.—The term “el-
gible employer” means any employer—

(i) which conducted an active trade or
business in a qualified disaster zone at any
time during the incident period of the
qualified disaster with respect to such
qualified disaster zone, and

(ii) with respect to whom the trade or
business described in clause (i) is inoper-
able at any time after the incident begin-
ning date of such qualified disaster, and
before January 1 of the year after the year
of such incident beginning date, as a result
of damage sustained by reason of such qualified disaster.

(B) ELIGIBLE EMPLOYEE.—The term “eligible employee” means with respect to an eligible employer an employee whose principal place of employment at any time during the incident period of the qualified disaster referred to in subparagraph (A) with such eligible employer was in the qualified disaster zone referred to in such subparagraph.

(C) QUALIFIED WAGES.—The term “qualified wages” means wages (as defined in section 51(c)(1) of the Internal Revenue Code of 1986, but without regard to section 3306(b)(2)(B) of such Code) paid or incurred by an eligible employer with respect to an eligible employee at any time during the period described in subparagraph (A)(ii), and which occurs during the period—

(i) beginning on the date on which the trade or business described in subparagraph (A) first became inoperable at the principal place of employment of the employee immediately before the qualified dis-
aster referred to in such subparagraph,
and
(ii) ending on the date on which such
trade or business has resumed significant
operations at such principal place of em-
ployment.
Such term shall include wages paid without re-
gard to whether the employee performs no serv-
ices, performs services at a different place of
employment than such principal place of em-
ployment, or performs services at such principal
place of employment before significant oper-
ations have resumed.
(3) CERTAIN RULES TO APPLY.—For purposes
of this paragraph, rules similar to the rules of sec-
tions 51(i)(1), 52, and 280C(a), of the Internal Rev-
ue Code of 1986, shall apply.
(4) EMPLOYEE NOT TAKEN INTO ACCOUNT
MORE THAN ONCE.—An employee shall not be treat-
ed as an eligible employee for purposes of this para-
graph for any period with respect to any employer
if such employer is allowed a credit under section 51
of the Internal Revenue Code of 1986 with respect
to such employee for such period.
(c) Other Disaster-related Tax Relief Provisions.—

(1) Temporary suspension of limitations on charitable contributions.—

(A) In general.—Except as otherwise provided in subparagraph (B), subsection (b) of section 170 of the Internal Revenue Code of 1986 shall not apply to qualified contributions and such contributions shall not be taken into account for purposes of applying subsections (b) and (d) of such section to other contributions.

(B) Treatment of excess contributions.—For purposes of section 170 of the Internal Revenue Code of 1986—

(i) Individuals.—In the case of an individual—

(I) Limitation.—Any qualified contribution shall be allowed only to the extent that the aggregate of such contributions does not exceed the excess of the taxpayer’s contribution base (as defined in subparagraph (H) of section 170(b)(1) of such Code) over the amount of all other charitable
contributions allowed under section 170(b)(1) of such Code.

(II) CARRYOVER.—If the aggregate amount of qualified contributions made in the contribution year (within the meaning of section 170(d)(1) of such Code) exceeds the limitation of subclause (I), such excess shall be added to the excess described in the portion of subparagraph (A) of such section which precedes clause (i) thereof for purposes of applying such section.

(ii) CORPORATIONS.—In the case of a corporation—

(I) LIMITATION.—Any qualified contribution shall be allowed only to the extent that the aggregate of such contributions does not exceed the excess of the taxpayer’s taxable income (as determined under paragraph (2) of section 170(b) of such Code) over the amount of all other charitable contributions allowed under such paragraph.
(II) CARRYOVER.—Rules similar to the rules of clause (i)(II) shall apply for purposes of this clause.

(C) QUALIFIED CONTRIBUTIONS.—

(i) IN GENERAL.—For purposes of this paragraph, the term “qualified contribution” means any charitable contribution (as defined in section 170(c) of the Internal Revenue Code of 1986) if—

(I) such contribution—

(aa) is made for relief efforts in one or more qualified disaster areas, and

(bb) is paid during the period beginning on the first day of the incident period for any such disaster, and ending on December 31 of the year in which such incident period begins, in cash to an organization described in section 170(b)(1)(A) of such Code,

(II) the taxpayer obtains from such organization contemporaneous written acknowledgment (within the meaning of section 170(f)(8) of such
Code) that such contribution was used
(or is to be used) for relief efforts de-
scribed in subclause (I)(aa), and

(III) the taxpayer has elected the
application of this subsection with re-
spect to such contribution.

(ii) EXCEPTION.—Such term shall not
include a contribution by a donor if the
contribution is—

(I) to an organization described
in section 509(a)(3) of the Internal
Revenue Code of 1986, or

(II) for the establishment of a
new, or maintenance of an existing,
donor advised fund (as defined in sec-
tion 4966(d)(2) of such Code).

(iii) APPLICATION OF ELECTION TO
PARTNERSHIPS AND S CORPORATIONS.—In
the case of a partnership or S corporation,
the election under clause (i)(III) shall be
made separately by each partner or share-
holder.

(2) SPECIAL RULES FOR QUALIFIED DISASTER-
RELATED PERSONAL CASUALTY LOSSES.—
(A) IN GENERAL.—If an individual has a net disaster loss for any taxable year—

(i) the amount determined under section 165(h)(2)(A)(ii) of the Internal Revenue Code of 1986 shall be equal to the sum of—

(I) such net disaster loss, and

(II) so much of the excess referred to in the matter preceding clause (i) of section 165(h)(2)(A) of such Code (reduced by the amount in subclause (I) of this clause) as exceeds 10 percent of the adjusted gross income of the individual,

(ii) section 165(h)(1) of such Code shall be applied by substituting “$500” for “$500 ($100 for taxable years beginning after December 31, 2009)”;

(iii) the standard deduction determined under section 63(c) of such Code shall be increased by the net disaster loss, and

(iv) section 56(b)(1)(E) of such Code shall not apply to so much of the standard
deduction as is attributable to the increase
under clause (iii) of this subparagraph.

(B) NET DISASTER LOSS.—For purposes
of this paragraph, the term “net disaster loss”
means the excess of qualified disaster-related
personal casualty losses over personal casualty
gains (as defined in section 165(h)(3)(A) of the
Internal Revenue Code of 1986).

(C) QUALIFIED DISASTER-RELATED PER-
SONAL CASUALTY LOSSES.—For purposes of
this paragraph, the term “qualified disaster-re-
lated personal casualty losses” means losses de-
scribed in section 165(e)(3) of the Internal Rev-
ene Code of 1986 which arise in a qualified
disaster area on or after the incident beginning
date of the qualified disaster to which such area
relates, and which are attributable to such
qualified disaster.

(3) SPECIAL RULE FOR DETERMINING EARNED
INCOME.—

(A) IN GENERAL.—In the case of a quali-
fied individual, if the earned income of the tax-
payer for the applicable taxable year is less
than the earned income of the taxpayer for the
preceding taxable year, the credits allowed
under sections 24(d) and 32 of the Internal Revenue Code of 1986 may, at the election of the taxpayer, be determined by substituting—

(i) such earned income for the preceding taxable year, for

(ii) such earned income for the applicable taxable year.

(B) Qualified Individual.—For purposes of this paragraph, the term “qualified individual” means any individual whose principal place of abode at any time during the incident period of any qualified disaster was located—

(i) in the qualified disaster zone with respect to such qualified disaster, or

(ii) in the qualified disaster area with respect to such qualified disaster (but outside the qualified disaster zone with respect to such qualified disaster) and such individual was displaced from such principal place of abode by reason of such qualified disaster.

(C) Applicable Taxable Year.—The term “applicable taxable year” means, with respect to any qualified individual, any taxable year which includes any day during the incident
period of the qualified disaster to which the qualified disaster area referred to in subparagraph (B) relates.

(D) EARNED INCOME.—For purposes of this paragraph, the term “earned income” has the meaning given such term under section 32(e) of the Internal Revenue Code of 1986.

(E) SPECIAL RULES.—

(i) APPLICATION TO JOINT RETURNS.—For purposes of subparagraph (A), in the case of a joint return for an applicable taxable year—

(I) such subparagraph shall apply if either spouse is a qualified individual, and

(II) the earned income of the taxpayer for the preceding taxable year shall be the sum of the earned income of each spouse for such preceding taxable year.

(ii) UNIFORM APPLICATION OF ELECT- TION.—Any election made under subparagraph (A) shall apply with respect to both sections 24(d) and 32 of the Internal Revenue Code of 1986.
(iii) **Errors treated as mathematical error.**—For purposes of section 6213 of the Internal Revenue Code of 1986, an incorrect use on a return of earned income pursuant to subparagraph (A) shall be treated as a mathematical or clerical error.

(iv) **No effect on determination of gross income, etc.**—Except as otherwise provided in this paragraph, the Internal Revenue Code of 1986 shall be applied without regard to any substitution under subparagraph (A).

(f) **Treatment of certain possessions.**—

(1) **Payments to Guam and the Commonwealth of the Northern Marianas Islands.**—The Secretary of the Treasury shall pay to Guam and the Commonwealth of the Northern Mariana Islands amounts equal to the loss to that possession by reason of the application of the provisions of this section. Such amounts shall be determined by the Secretary of the Treasury based on information provided by the government of the respective possession.

(2) **Payments to American Samoa.**—
(A) In General.—The Secretary of the Treasury shall pay to American Samoa amounts estimated by the Secretary of the Treasury as being equal to the aggregate benefits that would have been provided to residents of American Samoa by reason of the provisions of this section if a mirror code tax system had been in effect in American Samoa. The preceding sentence shall not apply unless American Samoa has a plan, which has been approved by the Secretary of the Treasury, under which American Samoa will promptly distribute such payments to its residents.

(B) Mirror Code Tax System.—For purposes of this paragraph, the term “mirror code tax system” means, with respect to any possession of the United States, the income tax system of such possession if the income tax liability of the residents of such possession under such system is determined by reference to the income tax laws of the United States as if such possession were the United States.

(3) Treatment of Payments.—For purposes of section 1324 of title 31, United States Code, the payments under this section shall be treated in the
same manner as a refund due from a credit provi-
sion referred to in subsection (b)(2) of such section.

(g) **AUTOMATIC EXTENSION OF FILING DEAD-
LINE.**—

(1) **IN GENERAL.**—Section 7508A is amended
by adding at the end the following new subsection:

“(d) **MANDATORY 60-DAY EXTENSION.**—In the case
of—

“(1) any individual whose principal place of
abode is in a disaster area (as defined in section
165(i)(5)(B)), and

“(2) any taxpayer if the taxpayer’s principal
place of business (other than the business of per-
forming services of an employee) is located in a dis-
aster area (as so defined),

the period beginning on the earliest incident date specified
in the declaration to which such area relates and ending
on the date which is 60 days after the latest incident date
so specified shall be disregarded in the same manner as
a period specified under subsection (a).”.

(2) **EFFECTIVE DATE.**—The amendment made
by this subsection shall apply to federally declared
disasters declared after December 31, 2018.