

AMENDMENT TO RULES COMMITTEE PRINT 119–**3****OFFERED BY MR. GOMEZ OF CALIFORNIA**

Strike section 110001 and insert the following:

1 SEC. 110001. MODIFICATION OF RATES; RESTORATION OF
2 39.6 PERCENT RATE FOR HIGH INCOME INDIVIDUALS.
3

4 (a) MARRIED INDIVIDUALS FILING JOINT RETURNS
5 AND SURVIVING SPOUSES.—Section 1(a) is amended by
6 striking the table contained therein and inserting the fol-
7 lowing:

“If taxable income is:	The tax is:
Not over \$19,050	10% of taxable income.
Over \$19,050 but not over \$77,400	\$1,905, plus 12% of the excess over \$19,050.
Over \$77,400 but not over \$165,000	\$8,907, plus 22% of the excess over \$77,400.
Over \$165,000 but not over \$315,000	\$28,179, plus 24% of the excess over \$165,000.
Over \$315,000 but not over \$400,000	\$64,179, plus 32% of the excess over \$315,000.
Over \$400,000 but not over \$600,000	\$91,379, plus 35% of the excess over \$400,000.
Over \$600,000 but not over \$1,000,000,000	\$161,379, plus 37% of the excess over \$600,000.
Over \$1,000,000,000	\$369,939,379 plus 39.6% of the excess over \$1,000,000,000.”.

8 (b) HEADS OF HOUSEHOLDS.—Section 1(b) is
9 amended by striking the table contained therein and in-
10 serting the following:

“If taxable income is:	The tax is:
Not over \$13,600	10% of taxable income.
Over \$13,600 but not over \$51,800	\$1,360, plus 12% of the excess over \$13,600.
Over \$51,800 but not over \$82,500	\$5,944, plus 22% of the excess over \$51,800.
Over \$82,500 but not over \$157,500	\$12,698, plus 24% of the excess over \$82,500.
Over \$157,500 but not over \$200,000	\$30,698, plus 32% of the excess over \$157,500.
Over \$200,000 but not over \$500,000	\$44,298, plus 35% of the excess over \$200,000.
Over \$500,000 but not over \$1,000,000,000	\$149,298, plus 37% of the excess over \$500,000.
Over \$1,000,000,000	\$369,964,298, plus 39.6% of the excess over \$1,000,000,000.”.

1 (c) UNMARRIED INDIVIDUALS OTHER THAN SUR-
2 VIVING SPOUSES AND HEADS OF HOUSEHOLDS.—Section
3 1(c) is amended by striking the table contained therein
4 and inserting the following:

“If taxable income is:	The tax is:
Not over \$9,525	10% of taxable income.
Over \$9,525 but not over \$38,700	\$952.50, plus 12% of the excess over \$9,525.
Over \$38,700 but not over \$82,500	\$4,453.50, plus 22% of the excess over \$38,700.
Over \$82,500 but not over \$157,500	\$14,089.50, plus 24% of the excess over \$82,500.
Over \$157,500 but not over \$200,000	\$32,089.50, plus 32% of the excess over \$157,500.
Over \$200,000 but not over \$500,000	\$45,689.50, plus 35% of the excess over \$200,000.
Over \$500,000 but not over \$1,000,000,000	\$150,689.50, plus 37% of the excess over \$500,000.
Over \$1,000,000,000	\$369,965,690, plus 39.6% of the excess over \$1,000,000,000.”.

5 (d) MARRIED INDIVIDUALS FILING SEPARATE RE-
6 TURNS.—Section 1(d) is amended by striking the table
7 contained therein and inserting the following:

“If taxable income is:**The tax is:**

Not over \$9,525	10% of taxable income.
Over \$9,525 but not over \$38,700	\$952.50, plus 12% of the excess over \$9,525.
Over \$38,700 but not over \$82,500	\$4,453.50, plus 22% of the excess over \$38,700.
Over \$82,500 but not over \$157,500	\$14,089.50, plus 24% of the excess over \$82,500.
Over \$157,500 but not over \$200,000	\$32,089.50, plus 32% of the excess over \$157,500.
Over \$200,000 but not over \$300,000	\$45,689.50, plus 35% of the excess over \$200,000.
Over \$300,000 but not over \$500,000,000	\$80,689.50, plus 37% of the excess over \$300,000.
Over \$500,000,000	\$184,969,690, plus 39.6% of the excess over \$500,000,000.”.

1 (e) ESTATES AND TRUSTS.—Section 1(e) is amended
2 by striking the table contained therein and inserting the
3 following:

“If taxable income is:**The tax is:**

Not over \$2,550	10% of taxable income.
Over \$2,550 but not over \$9,150	\$255, plus 24% of the excess over \$2,550.
Over \$9,150 but not over \$12,500	\$1,839, plus 35% of the excess over \$9,150.
Over \$12,500 but not over \$15,000	\$3,011.50, plus 37% of the excess over \$12,500.
Over \$15,000	\$6,522, plus 39.6% of the excess over \$15,000.”.

4 (f) INFLATION ADJUSTMENTS.—Section 1(f) is
5 amended—

6 (1) by amending paragraph (2)(A) to read as
7 follows:

8 “(A) by increasing the minimum and max-
9 imum dollar amounts for each bracket for
10 which a tax is imposed under such table by the
11 cost-of-living adjustment for such calendar year,

1 determined under this subsection for such cal-
2 endar year by substituting ‘2017’ for ‘2016’ in
3 paragraph (3)(A)(ii),”

4 (2) by amending paragraph (7) to read as fol-
5 lows:

6 “(7) ROUNDING.—

7 “(A) IN GENERAL.—Except as provided in
8 subparagraph (B), if any increase determined
9 under paragraph (2)(A) is not a multiple of
10 \$25, such increase shall be rounded to the next
11 lowest multiple of \$25.

12 “(B) JOINT RETURNS, ETC.—In the case
13 of a table prescribed under subsection (a), sub-
14 paragraph (A) shall be applied by substituting
15 ‘\$50’ for ‘\$25’ both places it appears.”

16 (3) by striking paragraph (8), and

17 (4) in the heading, by striking “PHASEOUT OF
18 MARRIAGE PENALTY IN 15-PERCENT BRACKET; AD-
19 JUSTMENTS” and inserting “ADJUSTMENTS”.

20 (g) APPLICATION OF INCOME TAX BRACKETS TO
21 CAPITAL GAINS BRACKETS.—Section 1(h) is amended—

22 (1) in paragraph (1)(B)(i), by striking “25 per-
23 cent” and inserting “22 percent”,

24 (2) in paragraph (1)(C)(ii)(I), by striking
25 “which would (without regard to this paragraph) be

1 taxed at a rate below 39.6 percent” and inserting
2 “below the maximum 15-percent rate amount”, and
3 (3) by adding at the end the following new
4 paragraphs:

5 “(12) MAXIMUM 15-PERCENT RATE AMOUNT
6 DEFINED.—For purposes of this subsection, the
7 maximum 15-percent rate amount shall be—

8 “(A) in the case of a joint return or sur-
9 viving spouse (as defined in section 2(a)),
10 \$479,000 ($\frac{1}{2}$ such amount in the case of a
11 married individual filing a separate return),

12 “(B) in the case of an individual who is a
13 head of household (as defined in section 2(b)),
14 \$452,400,

15 “(C) in the case of any other individual
16 (other than an estate or trust), \$425,800, and

17 “(D) in the case of an estate or trust,
18 \$12,700.

19 “(13) DETERMINATION OF 0 PERCENT RATE
20 BRACKET FOR ESTATES AND TRUSTS.—In the case
21 of any estate or trust, paragraph (1)(B) shall be ap-
22 plied by treating the amount determined in clause (i)
23 thereof as being equal to \$2,600.

24 “(14) INFLATION ADJUSTMENT.—

1 “(A) IN GENERAL.—Each of the dollar
2 amounts in paragraphs (12) and (13) shall be
3 increased by an amount equal to—

4 “(i) such dollar amount, multiplied by

5 “(ii) the cost-of-living adjustment de-
6 termined under subsection (f)(3) for the
7 calendar year in which the taxable year be-
8 gins, determined by substituting ‘calendar
9 year 2017’ for ‘calendar year 2016’ in sub-
10 paragraph (A)(ii) thereof.

11 “(B) ROUNDING.—If any increase under
12 subparagraph (A) is not a multiple of \$50, such
13 increase shall be rounded to the next lowest
14 multiple of \$50.”.

15 (h) CONFORMING AMENDMENTS.—

16 (1) Section 1 is amended by striking sub-
17 sections (i) and (j).

18 (2) Section 3402(q)(1) is amended by striking
19 “third lowest” and inserting “fourth lowest”.

20 (i) APPLICATION OF SECTION 15.—

21 (1) IN GENERAL.—Subsection (a) of section 15
22 is amended by striking “If any rate of tax” and in-
23 serting “In the case of a corporation, if any rate of
24 tax”.

25 (2) CONFORMING AMENDMENTS.—

1 (A) Section 15 is amended by striking sub-
2 sections (d) and (f).

3 (B) Section 6013(c) is amended by strik-
4 ing “sections 15, 443, and 7851(a)(1)(A)” and
5 inserting “section 443”.

6 (C) The heading of section 15 is amended
7 by inserting “**ON CORPORATIONS**” after “**EF-**
8 **FECT OF CHANGES**”.

9 (D) The table of sections for part III of
10 subchapter A of chapter 1 is amended by strik-
11 ing the item relating to section 15 and inserting
12 the following new item:

“Sec. 15. Effect of changes on corporations.”.

13 (j) EFFECTIVE DATE.—

14 (1) IN GENERAL.—The amendments made by
15 this section shall apply to taxable years beginning
16 after December 31, 2025.

17 (2) APPLICATION OF SECTION 15.—Section 15
18 of the Internal Revenue Code of 1986 shall not
19 apply to any change in a rate of tax by reason of—

20 (A) section 1(j) of such Code (as in effect
21 before its repeal by this section), or

22 (B) any amendment made by this Act.

Strike section 110005 and insert the following:

1 **SEC. 110005. DEDUCTION FOR QUALIFIED BUSINESS IN-**
2 **COME; PHASEOUT FOR HIGH INCOME INDIVIDUALS.**
3 **VIDUALS.**

4 (a) IN GENERAL.—Section 199A is amended by
5 striking subsection (i).

6 (b) PHASEOUT BASED ON MODIFIED ADJUSTED
7 GROSS INCOME.—Section 199A, as amended by sub-
8 section (a), is amended by adding at the end the following
9 new subsection:

10 “(i) PHASEOUT BASED ON MODIFIED ADJUSTED
11 GROSS INCOME.—

12 “(1) IN GENERAL.—The amount of the deduc-
13 tion under subsection (a) shall be reduced by 50 per-
14 cent of the amount by which the modified adjusted
15 gross income of the taxpayer for the taxable year ex-
16 ceeds \$1,000,000,000 (\$500,000,000, in the case of
17 a married individual filing a separate return).

18 “(2) MODIFIED ADJUSTED GROSS INCOME.—
19 For purposes of this subsection, the term ‘modified
20 adjusted gross income’ means the adjusted gross in-
21 come of the taxpayer for the taxable year increased
22 by any amount excluded from gross income under
23 section 911, 931, or 933.

24 “(3) ESTATES AND TRUSTS.—For purposes of
25 this subsection, in the case of an estate or trust, ad-

1 justed gross income shall be computed as provided
2 in section 67(e).”.

3 (c) EFFECTIVE DATE.—The amendments made by
4 this section shall apply to taxable years beginning after
5 December 31, 2025.

Strike section 112027 and insert the following:

6 **SEC. 112027. LIMITATION ON LOSSES FOR TAXPAYERS**
7 **OTHER THAN CORPORATIONS.**

8 (a) IN GENERAL.—Section 461 is amended—

9 (1) by amending subsection (l)(1) to read as
10 follows:

11 “(1) LIMITATION.—In the case of a taxpayer
12 other than a corporation, any excess business loss of
13 the taxpayer for the taxable year shall not be al-
14 lowed.”, and

15 (2) by striking subsection (j) and redesignating
16 subsections (k) and (l) (as amended) as subsections
17 (j) and (k), respectively.

18 (b) CONFORMING AMENDMENTS.—

19 (1) Section 58(a)(2)(A) is amended by striking
20 “461(k)” and inserting “461(j)”.

21 (2) Section 461(i)(4) is amended by striking
22 “subsection (k)” and inserting “subsection (j)”.

1 (3) Section 464(d)(2)(B)(iii) is amended by
2 striking “section 461(k)(2)(E)” and inserting “sec-
3 tion 461(j)(2)(E)”.

4 (4) Subparagraphs (B) and (C) of section
5 1256(e)(3) are each amended by striking “section
6 461(k)(4)” and inserting “section 461(j)(4)”.

7 (5) Section 1258(d)(5)(C) is amended by strik-
8 ing “section 461(k)(4)” and inserting “section
9 461(j)(4)”.

10 (c) EFFECTIVE DATE.—The amendments made by
11 this section shall apply to taxable years beginning after
12 the date of the enactment of this Act.

Strike section 110002 and insert the following

13 **SEC. 110002. INCREASE IN STANDARD DEDUCTION.**

14 (a) IN GENERAL.—Section 63(c)(2) is amended—

15 (1) by striking “\$4,400” in subparagraph (B)
16 and inserting “\$18,000”, and

17 (2) by striking “\$3,000” in subparagraph (C)
18 and inserting “\$12,000”.

19 (b) INFLATION ADJUSTMENT.—Section 63(c)(4) is
20 amended to read as follows:

21 “(4) ADJUSTMENTS FOR INFLATION.—

22 “(A) IN GENERAL.—Each dollar amount in
23 paragraph (2)(B), (2)(C), or (5) or subsection
24 (f) shall be increased by an amount equal to—

1 “(i) such dollar amount, multiplied by

2 “(ii) the cost-of-living adjustment de-
3 termined under section 1(f)(3) for the cal-
4 endar year in which the taxable year be-
5 gins, determined by substituting for ‘2016’
6 in subparagraph (A)(ii) thereof—

7 “(I) in the case of the dollar
8 amounts contained in paragraph
9 (2)(B) or (2)(C), ‘2017’,

10 “(II) in the case of the dollar
11 amounts contained in paragraph
12 (5)(A) or subsection (f), ‘1987’, and

13 “(III) in the case of the dollar
14 amount contained in paragraph
15 (5)(B), ‘1997’.

16 “(B) ROUNDING.—If any increase under
17 subparagraph (A) is not a multiple of \$50, such
18 increase shall be rounded to the next lowest
19 multiple of \$50.”.

20 (c) CONFORMING AMENDMENT.—Section 63(c) is
21 amended by striking paragraph (7).

22 (d) EFFECTIVE DATE.—If the Congressional Budget
23 Office certifies that the ten year score for this Act in-
24 creases the Federal deficit, the amendments made by this

1 section shall apply to taxable years beginning after such
2 date.

Strike section 110004 and insert the following:

3 **SEC. 110004. INCREASE IN AND MODIFICATION OF CHILD**
4 **TAX CREDIT.**

5 (a) IN GENERAL.—Section 24 is amended by striking
6 subsections (a), (b), and (c) and inserting the following
7 new subsections:

8 “(a) ALLOWANCE OF CREDIT.—There shall be al-
9 lowed as a credit against the tax imposed by this chapter
10 for the taxable year an amount equal to the sum of—

11 “(1) \$2,000 for each qualifying child of the tax-
12 payer, and

13 “(2) \$500 for each qualifying dependent (other
14 than a qualifying child) of the taxpayer.

15 “(b) LIMITATION BASED ON ADJUSTED GROSS IN-
16 COME.—The amount of the credit allowable under sub-
17 section (a) shall be reduced (but not below zero) by \$50
18 for each \$1,000 (or fraction thereof) by which the tax-
19 payer’s modified adjusted gross income exceeds \$400,000
20 in the case of a joint return (\$200,000 in any other case).
21 For purposes of the preceding sentence, the term “modi-
22 fied adjusted gross income” means adjusted gross income
23 increased by any amount excluded from gross income
24 under section 911, 931, or 933.

1 “(c) QUALIFYING CHILD; QUALIFYING DEPEND-
2 ENT.—For purposes of this section—

3 “(1) QUALIFYING CHILD.—The term ‘qualifying
4 child’ means any qualifying dependent of the tax-
5 payer—

6 “(A) who is a qualifying child (as defined
7 in section 7706(c)) of the taxpayer,

8 “(B) who has not attained age 17 at the
9 close of the calendar year in which the taxable
10 year of the taxpayer begins, and

11 “(C) whose name and social security num-
12 ber are included on the taxpayer’s return of tax
13 for the taxable year.

14 “(2) QUALIFYING DEPENDENT.—The term
15 ‘qualifying dependent’ means any dependent of the
16 taxpayer (as defined in section 7706 without regard
17 to all that follows ‘resident of the United States’ in
18 section 7706(b)(3)(A)) whose name and TIN are in-
19 cluded on the taxpayer’s return of tax for the tax-
20 able year.

21 “(3) SOCIAL SECURITY NUMBER DEFINED.—
22 For purposes of this subsection, the term ‘social se-
23 curity number’ means, with respect to a return of
24 tax, a social security number issued to an individual

1 by the Social Security Administration, but only if
2 the social security number is issued—

3 “(A) to a citizen of the United States or
4 pursuant to subclause (I) (or that portion of
5 subclause (III) that relates to subclause (I)) of
6 section 205(c)(2)(B)(i) of the Social Security
7 Act, and

8 “(B) on or before the due date of filing
9 such return.”.

10 (b) PORTION OF CREDIT REFUNDABLE.—

11 (1) IN GENERAL.—Section 24(d)(1)(A) is
12 amended to read as follows:

13 “(A) the credit which would be allowed
14 under this section determined—

15 “(i) by substituting ‘\$1,400’ for
16 ‘\$2,000’ in subsection (a)(1),

17 “(ii) without regard to subsection
18 (a)(2), and

19 “(iii) without regard to this subsection
20 (other than this subparagraph) and the
21 limitation under section 26(a), or”.

22 (2) MODIFICATION OF LIMITATION BASED ON
23 EARNED INCOME.—Section 24(d)(1)(B)(i) is amend-
24 ed by striking “\$3,000” and inserting “\$2,500”.

1 (3) INFLATION ADJUSTMENT.—Section 24(d) is
2 amended by inserting after paragraph (3) the fol-
3 lowing new paragraph:

4 “(4) ADJUSTMENT FOR INFLATION.—

5 “(A) IN GENERAL.—The \$1,400 amount in
6 paragraph (1)(A)(i) shall be increased by an
7 amount equal to—

8 “(i) such dollar amount, multiplied by

9 “(ii) the cost-of-living adjustment de-
10 termined under section 1(f)(3) for the cal-
11 endar year in which the taxable year be-
12 gins, determined by substituting ‘2017’ for
13 ‘2016’ in subparagraph (A)(ii) thereof.

14 “(B) ROUNDING.—If any increase under
15 subparagraph (A) is not a multiple of \$100,
16 such increase shall be rounded to the next low-
17 est multiple of \$100.

18 “(C) LIMITATION.—The amount of any in-
19 crease under subparagraph (A) (after the appli-
20 cation of subparagraph (B)) shall not exceed
21 \$600.”.

22 (4) CONFORMING AMENDMENTS.—

23 (A) Section 24(e) is amended to read as
24 follows:

1 “(e) TAXPAYER IDENTIFICATION REQUIREMENT.—
2 No credit shall be allowed under this section if the identi-
3 fying number of the taxpayer was issued after the due date
4 for filing the return of tax for the taxable year.”.

5 (B) Section 24 is amended by striking sub-
6 section (h).

7 (c) REPEAL OF CERTAIN LATER ENACTED PROVI-
8 SIONS.—

9 (1) Section 24 is amended by striking sub-
10 sections (i), (j), and (k).

11 (2) Chapter 77 is amended by striking section
12 7527A (and by striking the item relating to section
13 7527A in the table of sections for such chapter).

14 (3) Section 26(b)(2) is amended by inserting
15 “and” at the end of subparagraph (X), by striking
16 “, and” at the end of subparagraph (Y) and insert-
17 ing a period, and by striking subparagraph (Z).

18 (4) Section 3402(f)(1)(C) is amended by strik-
19 ing “section 24 (determined after application of sub-
20 section (j) thereof)” and inserting “section 24(a)”.

21 (5) Section 6211(b)(4)(A) is amended—

22 (A) by striking “24 by reason of sub-
23 sections (d) and (i)(1) thereof” and inserting
24 “24(d)”, and

1 (B) by striking “6428B, and 7527A” and
2 inserting “and 6428B”.

3 (6) Paragraph (2) of section 1324(b) of title
4 31, United States Code, is amended by striking
5 “6431, or 7527A” and inserting “or 6431”.

6 (d) EFFECTIVE DATE.—The amendments made by
7 this section shall apply to taxable years beginning after
8 the date of the enactment of this Act.

Strike 112028 and insert the following:

9 **SEC. 112028. INCREASED LIMITATION FOR CERTAIN CHARI-**
10 **TABLE CONTRIBUTIONS.**

11 (a) IN GENERAL.—Section 170(b)(1)(G) is amended
12 to read as follows:

13 “(G) CASH CONTRIBUTIONS.—

14 “(i) IN GENERAL.—Any contribution
15 of cash to an organization described in
16 subparagraph (A) shall be allowed to the
17 extent that the aggregate of such contribu-
18 tions does not exceed 60 percent of the
19 taxpayer’s contribution base for the taxable
20 year, reduced by the aggregate amount of
21 contributions allowable under subpara-
22 graph (A) for such taxpayer for such year.

23 “(ii) CARRYOVER.—If the aggregate
24 amount of contributions described in clause

1 (i) exceeds the limitation of clause (i), such
2 excess shall be treated (in a manner con-
3 sistent with the rules of subsection (d)(1))
4 as a charitable contribution to which clause
5 (i) applies in each of the 5 succeeding
6 years in order of time.”.

7 (b) COORDINATION WITH LIMITATIONS ON OTHER
8 CONTRIBUTIONS.—

9 (1) COORDINATION WITH 50 PERCENT LIMITA-
10 TION.—Section 170(b)(1)(A) is amended by striking
11 “Any charitable contribution” and inserting “Any
12 charitable contribution other than a contribution de-
13 scribed in subparagraph (G)”.

14 (2) COORDINATION WITH 30 PERCENT LIMITA-
15 TION.—Section 170(b)(1)(B) is amended—

16 (A) in the matter preceding clause (i), by
17 striking “to which subparagraph (A) applies”
18 and inserting “to which subparagraph (A) or
19 (G) applies”,

20 (B) by amending clause (ii) to read as fol-
21 lows:

22 “(ii) the excess of—

23 “(I) the sum of 50 percent of the
24 taxpayer’s contribution base for the
25 taxable year, plus so much of the

1 amount of charitable contributions al-
2 lowable under subparagraph (G) as
3 does not exceed 10 percent of such
4 contribution base, over

5 “(II) the amount of charitable
6 contributions allowable under sub-
7 paragraphs (A) and (G) (determined
8 without regard to subparagraph
9 (C)).”, and

10 (C) in the matter following clause (ii), by
11 striking “(to which subparagraph (A) does not
12 apply)” and inserting “(to which neither sub-
13 paragraph (A) nor (G) applies)”.

14 (c) EFFECTIVE DATE.—The amendments made by
15 this section shall apply to contributions made in taxable
16 years beginning after the date of the enactment of this
17 Act.

Strike section 110015 and insert the following sec-
tions:

18 **SEC. 110015. INCREASED CONTRIBUTIONS TO ABLE AC-**
19 **COUNTS.**

20 (a) INCREASE IN LIMITATION FOR CONTRIBUTIONS
21 FROM COMPENSATION OF INDIVIDUALS WITH DISABIL-
22 ITIES.—Section 529A(b)(2)(B)(ii) is amended by striking
23 “before January 1, 2026”.

1 (b) ALLOWANCE OF SAVER'S CREDIT FOR ABLE
2 CONTRIBUTIONS BY ACCOUNT HOLDER.—Section
3 25B(d)(1)(D) is amended by striking “made before Janu-
4 ary 1, 2026,”.

5 (c) EFFECTIVE DATE.—The amendments made by
6 this section shall apply to taxable years beginning after
7 the date of the enactment of this Act.

8 **SEC. 110016. ROLLOVERS TO ABLE PROGRAMS FROM 529**
9 **PROGRAMS.**

10 (a) IN GENERAL.—Section 529(c)(3)(C)(i)(III) is
11 amended by striking “before January 1, 2026,”.

12 (b) EFFECTIVE DATE.—The amendments made by
13 this section shall apply to distributions after the date of
14 the enactment of this Act.

Strike section 110018 and insert the following:

15 **SEC. 110018. TREATMENT OF CERTAIN INDIVIDUALS PER-**
16 **FORMING SERVICES IN THE SINAI PENIN-**
17 **SULA OF EGYPT.**

18 (a) IN GENERAL.—Section 112(c)(2) is amended—

19 (1) by striking “means any area” and inserting
20 “means—

21 “(A) any area”, and

22 (2) by striking the period at the end and insert-
23 ing “, and

24 “(B) the Sinai Peninsula of Egypt.”.

1 (b) PERIOD OF TREATMENT.—Section 112(c)(3) is
2 amended—

3 (1) by striking “only if performed” and insert-
4 ing “only if—

5 “(A) in the case of an area described in
6 paragraph (2)(A), such service is performed”,
7 and

8 (2) by striking the period at the end and insert-
9 ing “, and

10 “(B) in the case of the area described in
11 paragraph (2)(B), such service is performed
12 during any period with respect to which one or
13 more members of the Armed Forces of the
14 United States are entitled to special pay under
15 section 310 of title 37, United States Code (re-
16 lating to special pay; duty subject to hostile fire
17 or imminent danger), for service performed in
18 such area.”.

19 (c) CONFORMING AMENDMENT.—Public Law 115-97
20 is amended by striking section 11026.

21 (d) EFFECTIVE DATE.—The amendments made by
22 this section shall apply with respect to services performed
23 on or after the date of the enactment of this Act.

Strike section 110019 and insert the following sec-
tions:

1 **SEC. 110019. TREATMENT OF STUDENT LOAN DISCHARGES.**

2 (a) SUNSET OF SPECIAL RULE FOR DISCHARGES OF
3 CERTAIN LOANS.—Section 108(f)(5) is amended—

4 (1) in the heading, by striking “2025” and in-
5 serting “2024”, and

6 (2) by striking “January 1, 2026” and insert-
7 ing “January 1, 2025”.

8 (b) REINSTATEMENT OF RULE FOR DISCHARGES ON
9 ACCOUNT OF DEATH OR DISABILITY AFTER 2024.—Sec-
10 tion 108(f) is amended by adding at the end the following
11 new paragraph:

12 “(6) DISCHARGES ON ACCOUNT OF DEATH OR
13 DISABILITY AFTER 2024.—

14 “(A) IN GENERAL.—In the case of an indi-
15 vidual, gross income does not include any
16 amount which (but for this subsection) would
17 be includible in gross income for such taxable
18 year by reasons of the discharge (in whole or in
19 part) of any loan described in subparagraph
20 (B) after December 31, 2024, if such discharge
21 was—

22 “(i) pursuant to subsection (a) or (d)
23 of section 437 of the Higher Education
24 Act of 1965 or the parallel benefit under
25 part D of title IV of such Act (relating to
26 the repayment of loan liability),

1 “(ii) pursuant to section 464(c)(1)(F)
2 of such Act, or

3 “(iii) otherwise discharged on account
4 of the death or total and permanent dis-
5 ability of the student.

6 “(B) LOANS DESCRIBED.—A loan is de-
7 scribed in this subparagraph if such loan is—

8 “(i) a student loan (as defined in
9 paragraph (2)), or

10 “(ii) a private education loan (as de-
11 fined in section 140(7) of the Consumer
12 Credit Protection Act (15 U.S.C.
13 1650(7))).”.

14 (c) EFFECTIVE DATE.—The amendments made by
15 this section shall apply to discharges of indebtedness after
16 December 31, 2024.

17 **SEC. 110020. 529 ACCOUNT FUNDING FOR HOMESCHOOL**
18 **AND ADDITIONAL ELEMENTARY AND SEC-**
19 **ONDARY EXPENSES.**

20 (a) IN GENERAL.—Section 529(c)(7) of the Internal
21 Revenue Code of 1986 is amended to read as follows:

22 “(7) TREATMENT OF ELEMENTARY AND SEC-
23 ONDARY TUITION.—Any reference in this section to
24 the term ‘qualified higher education expense’ shall
25 include a reference to the following expenses in con-

1 nection with enrollment or attendance at, or for stu-
2 dents enrolled at or attending, an elementary or sec-
3 ondary public, private, or religious school:

4 “(A) Tuition.

5 “(B) Curriculum and curricular materials.

6 “(C) Books or other instructional mate-
7 rials.

8 “(D) Online educational materials.

9 “(E) Tuition for tutoring or educational
10 classes outside of the home, including at a tu-
11 toring facility, but only if the tutor or instruc-
12 tor is not related to the student and—

13 “(i) is licensed as a teacher in any
14 State,

15 “(ii) has taught at an eligible edu-
16 cational institution, or

17 “(iii) is a subject matter expert in the
18 relevant subject.

19 “(F) Fees for a nationally standardized
20 norm-referenced achievement test, an advanced
21 placement examination, or any examinations re-
22 lated to college or university admission.

23 “(G) Fees for dual enrollment in an insti-
24 tution of higher education.

1 “(H) Educational therapies for students
2 with disabilities provided by a licensed or ac-
3 credited practitioner or provider, including oc-
4 cupational, behavioral, physical, and speech-lan-
5 guage therapies.

6 Such term shall include expenses for the purposes
7 described in subparagraphs (A) through (H) in con-
8 nection with a homeschool (whether treated as a
9 homeschool or a private school for purposes of appli-
10 cable State law).”.

11 (b) EFFECTIVE DATE.—The amendment made by
12 this section shall apply to distributions made after the
13 date of the enactment of this Act.

At the appropriate place, insert the following:

14 **SEC. _____. REPEAL OF DEDUCTION FOR PERSONAL EX-**
15 **EMPTIONS.**

16 (a) IN GENERAL.—Part V of subchapter B of chapter
17 1 is hereby repealed.

18 (b) DEFINITION OF DEPENDENT RETAINED.—Sec-
19 tion 152, prior to the repeal made by subsection (a), is
20 hereby redesignated as section 7706 and moved to the end
21 of chapter 79.

22 (c) APPLICATION TO TRUSTS AND ESTATES.—Sec-
23 tion 642(b) is amended—

24 (1) in paragraph (2)(C)—

1 (A) in clause (i), by striking “the exemp-
2 tion amount under section 151(d)” and all that
3 follows through the period at the end and in-
4 serting “the dollar amount in effect under sec-
5 tion 7706(d)(1)(B).”, and

6 (B) by striking clause (iii),

7 (2) by striking paragraph (3), and

8 (3) by striking “DEDUCTION FOR PERSONAL
9 EXEMPTION” in the heading thereof and inserting
10 “BASIC DEDUCTION”.

11 (d) APPLICATION TO NONRESIDENT ALIENS.—Sec-
12 tion 873(b) is amended by striking paragraph (3).

13 (e) MODIFICATION OF RETURN REQUIREMENT.—

14 (1) IN GENERAL.—Section 6012(a)(1) is
15 amended to read as follows:

16 “(1) Every individual who has gross income for
17 the taxable year, except that a return shall not be
18 required of—

19 “(A) an individual who is not married (de-
20 termined by applying section 7703) and who
21 has gross income for the taxable year which
22 does not exceed the standard deduction applica-
23 ble to such individual for such taxable year
24 under section 63, or

1 “(B) an individual entitled to make a joint
2 return if—

3 “(i) the gross income of such indi-
4 vidual, when combined with the gross in-
5 come of such individual’s spouse, for the
6 taxable year does not exceed the standard
7 deduction which would be applicable for
8 such taxable year under section 63 if such
9 individual and such individual’s spouse
10 made a joint return,

11 “(ii) such individual’s spouse does not
12 make a separate return, and

13 “(iii) neither such individual nor such
14 individual’s spouse is an individual de-
15 scribed in section 63(c)(4) who has income
16 (other than earned income) in excess of the
17 amount in effect under section
18 63(c)(4)(A).”.

19 (2) BANKRUPTCY ESTATES.—Section
20 6012(a)(8) is amended by striking “the sum of the
21 exemption amount plus the basic standard deduction
22 under section 63(c)(2)(C)” and inserting “the stand-
23 ard deduction in effect under section 63(c)(1)(B)”.

24 (3) CONFORMING AMENDMENT.—Section 6012
25 is amended by striking subsection (f).

1 (f) CONFORMING AMENDMENTS.—

2 (1) Section 1(g)(5)(A) is amended by striking
3 “section 152(e)” and inserting “section 7706(e)”.

4 (2) Section 2(a)(1)(B) is amended—

5 (A) by striking “section 152” and insert-
6 ing “section 7706”, and

7 (B) by striking “with respect to whom the
8 taxpayer is entitled to a deduction for the tax-
9 able year under section 151” and inserting
10 “whose TIN is included on the taxpayer’s re-
11 turn of tax for the taxable year”.

12 (3) Section 2(b)(1)(A)(i) is amended—

13 (A) in the matter preceding subclause
14 (I)—

15 (i) by striking “section 152(c)” and
16 inserting “section 7706(c)”, and

17 (ii) by striking “section 152(e)” and
18 inserting “section 7706(e)”, and

19 (B) in subclause (II), by striking “section
20 152(b)(2) or 152(b)(3)” and inserting “section
21 7706(b)(2) or 7706(b)(3)”.

22 (4) Section 2(b)(1)(A)(ii) is amended by strik-
23 ing “if the taxpayer is entitled to a deduction for the
24 taxable year for such person under section 151” and

1 inserting “if the taxpayer included such person’s
2 TIN on the return of tax for the taxable year”.

3 (5) Section 2(b)(1)(B) is amended by striking
4 “if the taxpayer is entitled to a deduction for the
5 taxable year for such father or mother under section
6 151” and inserting “if such father or mother is a
7 dependent of the taxpayer and the taxpayer included
8 such father or mother’s TIN on the return of tax for
9 the taxable year”.

10 (6) Section 2(b)(3)(B) is amended—

11 (A) by striking “section 152(d)(2)” in
12 clause (i) and inserting “section 7706(d)(2)”,
13 and

14 (B) by striking “section 152(d)” in clause
15 (ii) and inserting “section 7706(d)”.

16 (7) Section 21(b)(1)(A) is amended by striking
17 “section 152(a)(1)” and inserting “section
18 7706(a)(1)”.

19 (8) Section 21(b)(1)(B) is amended by striking
20 “section 152” and inserting “section 7706”.

21 (9) Section 21(e)(5)(A) is amended by striking
22 “section 152(e)” and inserting “section 7706(e)”.

23 (10) Section 21(e)(5) is amended by striking
24 “section 152(e)(4)(A)” in the matter following sub-

1 paragraph (B) and inserting “section
2 7706(e)(4)(A)”.

3 (11) Section 21(e)(6)(A) is amended to read as
4 follows:

5 “(A) who is a dependent of either the tax-
6 payer or the taxpayer’s spouse for the taxable
7 year, or”.

8 (12) Section 21(e)(6)(B) is amended by striking
9 “section 152(f)(1)” and inserting “section
10 7706(f)(1)”.

11 (13) Section 25A(f)(1)(A)(iii) is amended by
12 striking “with respect to whom the taxpayer is al-
13 lowed a deduction under section 151”.

14 (14) Section 25A(g)(3) is amended by striking
15 “If a deduction under section 151 with respect to an
16 individual is allowed to another taxpayer” and in-
17 serting “If an individual is a dependent of another
18 taxpayer”.

19 (15) Section 25B(c)(2)(A) is amended by strik-
20 ing “any individual with respect to whom a deduc-
21 tion under section 151 is allowed to another tax-
22 payer” and inserting “any individual who is a de-
23 pendent of another taxpayer”.

1 (16) Section 25B(c)(2)(B) is amended by strik-
2 ing “section 152(f)(2)” and inserting “section
3 7706(f)(2)”.

4 (17) Section 32(c)(1)(A)(ii)(III) is amended by
5 striking “a dependent for whom a deduction is al-
6 lowable under section 151 to another taxpayer” and
7 inserting “a dependent of another taxpayer”.

8 (18) Section 32(c)(3) is amended—

9 (A) in subparagraph (A)—

10 (i) by striking “section 152(c)” and
11 inserting “section 7706(c)”, and

12 (ii) by striking “section 152(e)” and
13 inserting “section 7706(e)”,

14 (B) in subparagraph (B), by striking “un-
15 less the taxpayer is entitled to a deduction
16 under section 151 for such taxable year with re-
17 spect to such individual (or would be so entitled
18 but for section 152(e)” and inserting “if such
19 individual is not treated as a dependent of such
20 taxpayer for such taxable year by reason of sec-
21 tion 7706(b)(2) (determined without regard to
22 section 7706(e))”, and

23 (C) in subparagraph (C), by striking “sec-
24 tion 152(c)(1)(B)” and inserting “section
25 7706(c)(1)(B)”.

1 (19) Section 35(d)(1)(B) is amended by strik-
2 ing “with respect to whom the taxpayer is entitled
3 to a deduction under section 151(c)” and inserting
4 “if the taxpayer included such person’s TIN on the
5 return of tax for the taxable year”.

6 (20) Section 35(d)(2) is amended—

7 (A) by striking “section 152(e)” and in-
8 serting “section 7706(e)”, and

9 (B) by striking “section 152(e)(4)(A)” and
10 inserting “section 7706(e)(4)(A)”.

11 (21) Section 36B(b)(2)(A) is amended by strik-
12 ing “section 152” and inserting “section 7706”.

13 (22) Section 36B(b)(3)(B) is amended—

14 (A) in clause (ii)(I)(aa), by striking “who
15 is not allowed a deduction under section 151 for
16 the taxable year with respect to a dependent”
17 and inserting “who does not have any depend-
18 ents for the taxable year”, and

19 (B) in the flush matter at the end, by
20 striking “unless a deduction is allowed under
21 section 151 for the taxable year with respect to
22 a dependent” and inserting “unless the tax-
23 payer has a dependent for the taxable year (and
24 the taxpayer included such dependent’s TIN on
25 the return of tax for the taxable year)”.

1 (23) Section 36B(c)(1)(D) is amended by strik-
2 ing “with respect to whom a deduction under section
3 151 is allowable to another taxpayer” and inserting
4 “who is a dependent of another taxpayer”.

5 (24) Section 36B(d)(1) is amended by striking
6 “equal to the number of individuals for whom the
7 taxpayer is allowed a deduction under section 151
8 (relating to allowance of deduction for personal ex-
9 emptions) for the taxable year” and inserting “the
10 sum of 1 (2 in the case of a joint return) plus the
11 number of individuals who are dependents of the
12 taxpayer for the taxable year”.

13 (25) Section 36B(e)(1) is amended by striking
14 “1 or more individuals for whom a taxpayer is al-
15 lowed a deduction under section 151 (relating to al-
16 lowance of deduction for personal exemptions) for
17 the taxable year (including the taxpayer or his
18 spouse)” and inserting “1 or more of the taxpayer,
19 the taxpayer’s spouse, or any dependent of the tax-
20 payer”.

21 (26) Section 42(i)(3)(D)(ii)(I) is amended by
22 striking “section 152” and inserting “section 7706”.

23 (27) Section 45R(e)(1)(A)(iv) is amended—

24 (A) by striking “section 152(d)(2)” and in-
25 serting “section 7706(d)(2)”, and

1 (B) by striking “section 152(d)(2)(H)”
2 and inserting “section 7706(d)(2)(H)”.

3 (28) Section 51(i)(1) is amended—

4 (A) by striking “section 152(d)(2)” in sub-
5 paragraphs (A) and (B) and inserting “section
6 7706(d)(2)”, and

7 (B) by striking “section 152(d)(2)(H)” in
8 subparagraph (C) and inserting “section
9 7706(d)(2)(H)”.

10 (29) Section 56(b)(1)(D) is amended—

11 (A) by striking “, the deduction for per-
12 sonal exemptions under section 151,” and

13 (B) by striking “AND DEDUCTION FOR
14 PERSONAL EXEMPTIONS” in the heading there-
15 of.

16 (30) Section 63(b) is amended by adding “and”
17 at the end of paragraph (1), by striking paragraph
18 (2), and by redesignating paragraph (3) as para-
19 graph (2).

20 (31) Section 63(c), as amended by section 121,
21 is amended by striking paragraph (3) and redesign-
22 ating paragraphs (4), (5), and (6) as paragraphs
23 (3), (4), and (5), respectively.

24 (32) Section 63(c)(4), as redesignated, is
25 amended—

1 (A) by striking “with respect to whom a
2 deduction under section 151 is allowable to”
3 and inserting “who is a dependent of”, and

4 (B) by striking “CERTAIN” in the heading
5 thereof.

6 (33) Section 63(f) is amended by striking all
7 that precedes paragraph (3) and inserting the fol-
8 lowing:

9 “(f) ADDITIONAL STANDARD DEDUCTION FOR THE
10 AGED AND BLIND.—

11 “(1) IN GENERAL.—For purposes of subsection
12 (c)(1), the additional standard deduction is, with re-
13 spect to a taxpayer for a taxable year, the sum of—

14 “(A) \$600 if the taxpayer has attained age
15 65 before the close of such taxable year, and

16 “(B) \$600 if the taxpayer is blind as of
17 the close of such taxable year.

18 “(2) APPLICATION TO MARRIED INDIVID-
19 UALS.—

20 “(A) JOINT RETURNS.—In the case of a
21 joint return, paragraph (1) shall be applied sep-
22 arately with respect to each spouse.

23 “(B) CERTAIN MARRIED INDIVIDUALS FIL-
24 ING SEPARATELY.—In the case of a married in-
25 dividual filing a separate return, if—

1 “(i) the spouse of such individual has
2 no gross income for the calendar year in
3 which the taxable year of such individual
4 begins,

5 “(ii) such spouse is not the dependent
6 of another taxpayer for a taxable year be-
7 ginning in the calendar year in which such
8 individual’s taxable year begins, and

9 “(iii) the TIN of such spouse is in-
10 cluded on such individual’s return of tax
11 for the taxable year,

12 the additional standard deduction shall be de-
13 termined in the same manner as if such indi-
14 vidual and such individual’s spouse filed a joint
15 return.”.

16 (34) Section 63(f)(3) is amended by striking
17 “paragraphs (1) and (2)” and inserting “subpara-
18 graphs (A) and (B) of paragraph (1)”.

19 (35) Section 72(t)(2)(D)(i)(III) is amended by
20 striking “section 152” and inserting “section 7706”.

21 (36) Section 72(t)(7)(A)(iii) is amended by
22 striking “section 152(f)(1)” and inserting “section
23 7706(f)(1)”.

24 (37) Section 105(b) is amended—

1 (A) by striking “as defined in section 152”
2 and inserting “as defined in section 7706”,

3 (B) by striking “section 152(f)(1)” and in-
4 serting “section 7706(f)(1)”, and

5 (C) by striking “section 152(e)” and in-
6 serting “section 7706(e)”.

7 (38) Section 105(c)(1) is amended by striking
8 “section 152” and inserting “section 7706”.

9 (39) Section 125(e)(1)(D) is amended by strik-
10 ing “section 152” and inserting “section 7706”.

11 (40) Section 129(c)(1) is amended to read as
12 follows:

13 “(1) who is a dependent of such employee or of
14 such employee’s spouse, or”.

15 (41) Section 129(c)(2) is amended by striking
16 “section 152(f)(1)” and inserting “section
17 7706(f)(1)”.

18 (42) Section 132(h)(2)(B) is amended—

19 (A) by striking “section 152(f)(1)” and in-
20 serting “section 7706(f)(1)”, and

21 (B) by striking “section 152(e)” and in-
22 serting “section 7706(e)”.

23 (43) Section 139D(c)(5) is amended by striking
24 “section 152” and inserting “section 7706”.

1 (44) Section 139E(c)(2) is amended by striking
2 “section 152” and inserting “section 7706”.

3 (45) Section 162(l)(1)(D) is amended by strik-
4 ing “section 152(f)(1)” and inserting “section
5 7706(f)(1)”.

6 (46) Section 170(g)(1) is amended by striking
7 “section 152” and inserting “section 7706”.

8 (47) Section 170(g)(3) is amended by striking
9 “section 152(d)(2)” and inserting “section
10 7706(d)(2)”.

11 (48) Section 172(d) is amended by striking
12 paragraph (3).

13 (49) Section 213(a) is amended by striking
14 “section 152” and inserting “section 7706”.

15 (50) Section 213(d)(5) is amended by striking
16 “section 152(e)” and inserting “section 7706(e)”.

17 (51) Section 213(d)(11) is amended by striking
18 “section 152(d)(2)” in the matter following subpara-
19 graph (B) and inserting “section 7706(d)(2)”.

20 (52) Section 220(b)(6) is amended by striking
21 “with respect to whom a deduction under section
22 151 is allowable to” and inserting “who is a depend-
23 ent of”.

24 (53) Section 220(d)(2)(A) is amended by strik-
25 ing “section 152” and inserting “section 7706”.

1 (54) Section 221(d)(4) is amended by striking
2 “section 152” and inserting “section 7706”.

3 (55) Section 223(b)(6) is amended by striking
4 “with respect to whom a deduction under section
5 151 is allowable to” and inserting “who is a depend-
6 ent of”.

7 (56) Section 223(d)(2)(A) is amended by strik-
8 ing “section 152” and inserting “section 7706”.

9 (57) Section 401(h) is amended by striking
10 “section 152(f)(1)” in the last sentence and insert-
11 ing “section 7706(f)(1)”.

12 (58) Section 402(l)(4)(D) is amended by strik-
13 ing “section 152” and inserting “section 7706”.

14 (59) Section 409A(a)(2)(B)(ii)(I) is amended
15 by striking “section 152(a)” and inserting “section
16 7706(a)”.

17 (60) Section 441(f)(2)(B)(iii) is amended by
18 striking “, but only the adjusted amount of the de-
19 ductions for personal exemptions as described in sec-
20 tion 443(c)”.

21 (61) Section 443 is amended—

22 (A) in subsection (b)—

23 (i) by striking paragraph (3), and

1 (ii) by striking “modified taxable in-
2 come” and inserting “taxable income” each
3 place such term appears,

4 (B) by striking subsection (c), and

5 (C) by redesignating subsections (d) and
6 (e) as subsections (c) and (d), respectively.

7 (62) Section 501(c)(9) is amended by striking
8 “section 152(f)(1)” and inserting “section
9 7706(f)(1)”.

10 (63) Section 529(e)(2)(B) is amended by strik-
11 ing “section 152(d)(2)” and inserting “section
12 7706(d)(2)”.

13 (64) Section 529A(e)(4) is amended—

14 (A) by striking “section 152(d)(2)(B)” and
15 inserting “section 7706(d)(2)(B)”, and

16 (B) by striking “section 152(f)(1)(B)” and
17 inserting “section 7706(f)(1)(B)”.

18 (65) Section 643(a)(2) is amended—

19 (A) by striking “(relating to deduction for
20 personal exemptions)” and inserting “(relating
21 to basic deduction)”, and

22 (B) by striking “DEDUCTION FOR PER-
23 SONAL EXEMPTION” in the heading thereof and
24 inserting “BASIC DEDUCTION”.

1 (66) Section 703(a)(2) is amended by striking
2 subparagraph (A) and by redesignating subpara-
3 graphs (B) through (F) as subparagraphs (A)
4 through (E), respectively.

5 (67) Section 874 is amended by striking sub-
6 section (b) and by redesignating subsection (c) as
7 subsection (b).

8 (68) Section 891 is amended by striking “under
9 section 151 and”.

10 (69) Section 904(b)(1) is amended to read as
11 follows:

12 “(1) DEDUCTION FOR ESTATES AND TRUSTS.—
13 For purposes of subsection (a), the taxable income
14 of an estate or trust shall be computed without any
15 deduction under section 642(b).”.

16 (70) Section 931(b)(1) is amended to read as
17 follows:

18 “(1) any deduction from gross income, or”.

19 (71) Section 933 is amended—

20 (A) by striking “as a deduction from his
21 gross income any deductions (other than the de-
22 duction under section 151, relating to personal
23 exemptions)” in paragraph (1) and inserting
24 “any deduction from gross income”, and

1 (B) by striking “as a deduction from his
2 gross income any deductions (other than the de-
3 duction for personal exemptions under section
4 151)” in paragraph (2) and inserting “any de-
5 duction from gross income”.

6 (72) Section 1212(b)(2)(B)(ii) is amended to
7 read as follows:

8 “(ii) in the case of an estate or trust,
9 the deduction allowed for such year under
10 section 642(b).”.

11 (73) Section 1361(c)(1)(C) is amended by strik-
12 ing “section 152(f)(1)(C)” and inserting “section
13 7706(f)(1)(C)”.

14 (74) Section 1402(a) is amended by striking
15 paragraph (7).

16 (75) Section 2032A(c)(7)(D) is amended by
17 striking “section 152(f)(2)” and inserting “section
18 7706(f)(2)”.

19 (76) Section 3402(f)(1)(A) is amended by strik-
20 ing “for whom a deduction is allowable with respect
21 to another taxpayer under section 151” and insert-
22 ing “who is a dependent of another taxpayer”.

23 (77) Section 3402(m)(1) is amended by striking
24 “other than the deductions referred to in section
25 151 and”.

1 (78) Section 3402(m)(3) is amended by striking
2 “section 63(c)(3)” and inserting “section 63(f)”.

3 (79) Section 3402(r)(2) is amended by striking
4 “the sum of—” and all that follows and inserting
5 “the basic standard deduction (as defined in section
6 63(c)) for an individual to whom section 63(c)(2)(C)
7 applies.”.

8 (80) Section 5000A(b)(3)(A) is amended by
9 striking “section 152” and inserting “section 7706”.

10 (81) Section 5000A(c)(4)(A) is amended by
11 striking “the number of individuals for whom the
12 taxpayer is allowed a deduction under section 151
13 (relating to allowance of deduction for personal ex-
14 emptions) for the taxable year” and inserting “the
15 sum of 1 (2 in the case of a joint return) plus the
16 number of the taxpayer’s dependents for the taxable
17 year”.

18 (82) Section 6013(b)(3)(A) is amended—

19 (A) by striking “had less than the exemp-
20 tion amount of gross income” in clause (ii) and
21 inserting “had no gross income”,

22 (B) by striking “had gross income of the
23 exemption amount or more” in clause (iii) and
24 inserting “had any gross income”, and

1 (C) by striking the flush language fol-
2 lowing clause (iii).

3 (83) Section 6014(a) is amended by striking
4 “section 6012(a)(1)(C)(i)” and inserting “section
5 6012(a)(1)(B)(iii)”.

6 (84) Section 6014(b)(4) is amended by striking
7 “63(c)(5)” and inserting “63(c)(4)”.

8 (85) Section 6103(l)(13) is amended—

9 (A) in subparagraph (A), by striking
10 clause (iv) and redesignating clauses (v) and
11 (vi) as clauses (iv) and (v), respectively, and

12 (B) in subparagraph (C)(i), by striking
13 “clauses (i) through (iv)” and inserting
14 “clauses (i) through (iii)”.

15 (86) Section 6103(l)(21)(A)(iii) is amended to
16 read as follows:

17 “(iii) the number of the taxpayer’s de-
18 pendents,”.

19 (87) Section 6213(g)(2)(H) is amended by
20 striking “section 21 (relating to expenses for house-
21 hold and dependent care services necessary for gain-
22 ful employment) or section 151 (relating to allow-
23 ance of deductions for personal exemptions)” and in-
24 serting “subsection (a)(1)(B), (b)(1)(A)(ii), or

1 (b)(1)(B) of section 2 or section 21, 35(d)(1)(B),
2 36B(b)(3)(B), or 63(f)(2)(B)”.

3 (88) Section 6334(d) is amended—

4 (A) by amending paragraph (2) to read as
5 follows:

6 “(2) EXEMPT AMOUNT.—

7 “(A) IN GENERAL.—For purposes of para-
8 graph (1), the term ‘exempt amount’ means an
9 amount equal to—

10 “(i) the sum of the amount deter-
11 mined under subparagraph (B) and the
12 standard deduction, divided by

13 “(ii) 52.

14 “(B) AMOUNT DETERMINED.—For pur-
15 poses of subparagraph (A), the amount deter-
16 mined under this subparagraph is—

17 “(i) the dollar amount in effect under
18 section 7706(d)(1)(B), multiplied by

19 “(ii) the number of the taxpayer’s de-
20 pendants for the taxable year in which the
21 levy occurs.

22 “(C) VERIFIED STATEMENT.—Unless the
23 taxpayer submits to the Secretary a written and
24 properly verified statement specifying the facts
25 necessary to determine the proper amount

1 under subparagraph (A), subparagraph (A)
2 shall be applied as if the taxpayer were a mar-
3 ried individual filing a separate return with no
4 dependents.”, and

5 (B) by striking paragraph (4).

6 (89) Section 7702B(f)(2)(C)(iii) is amended by
7 striking “section 152(d)(2)” and inserting “section
8 7706(d)(2)”.

9 (90) Section 7703(a) is amended by striking
10 “part V of subchapter B of chapter 1 and”.

11 (91) Section 7703(b)(1) is amended by striking
12 “section 152(f)(1))” and all that follows and insert-
13 ing “section 7706(f)(1)) who is a dependent of such
14 individual for the taxable year (or would be but for
15 section 7706(e)),”.

16 (92) Section 7706(a), as redesignated by this
17 section, is amended by striking “this subtitle” and
18 inserting “this title”.

19 (93)(A) Section 7706(d)(1)(B), as redesignated
20 by this section, is amended by striking “the exemp-
21 tion amount (as defined in section 151(d))” and in-
22 serting “\$4,150”.

23 (B) Section 7706(d), as redesignated by this
24 section, is amended by adding at the end the fol-
25 lowing new paragraph:

1 “(6) INFLATION ADJUSTMENT.—The \$4,150
2 amount in paragraph (1)(B) shall be increased by an
3 amount equal to—

4 “(A) such dollar amount, multiplied by

5 “(B) the cost-of-living adjustment deter-
6 mined under section 1(f)(3) for the calendar
7 year in which such taxable year begins, deter-
8 mined by substituting ‘calendar year 2017’ for
9 ‘calendar year 2016’ in subparagraph (A)(ii)
10 thereof.

11 If any increase determined under the preceding sen-
12 tence is not a multiple of \$50, such increase shall
13 be rounded to the next lowest multiple of \$50.”.

14 (94) Section 7706(e)(3), as redesignated by this
15 section, is amended by inserting “(as in effect before
16 its repeal)” after “section 151”.

17 (95) Section 7706(f)(6)(B), as redesignated by
18 this section, is amended by striking clause (i) and
19 designating clauses (ii), (iii), and (iv) as clauses (i),
20 (ii), and (iii), respectively.

21 (96) The table of parts for subchapter B of
22 chapter 1 is amended by striking the item relating
23 to part V.

1 (97) The table of sections for chapter 79 is
2 amended by adding at the end the following new
3 item:

“Sec. 7706. Dependent defined.”.

4 (g) **EFFECTIVE DATE.**—The amendments made by
5 this section shall apply to taxable years beginning after
6 the date of the enactment of this Act.

Strike section 110008 and insert the following:

7 **SEC. 110008. LIMITATION ON DEDUCTION FOR QUALIFIED**
8 **RESIDENCE INTEREST.**

9 (a) **INTEREST ON HOME EQUITY INDEBTEDNESS.**—
10 Section 163(h)(3)(A) is amended by striking “during the
11 taxable year on” and all that follows through “residence
12 of the taxpayer.” and inserting “during the taxable year
13 on acquisition indebtedness with respect to any qualified
14 residence of the taxpayer.”.

15 (b) **LIMITATION ON ACQUISITION INDEBTEDNESS.**—
16 Section 163(h)(3)(B)(ii) is amended to read as follows:

17 “(ii) **LIMITATION.**—The aggregate
18 amount treated as acquisition indebtedness
19 for any period shall not exceed the excess
20 (if any) of—

21 “(I) \$750,000 (\$375,000, in the
22 case of a married individual filing a
23 separate return), over

1 “(II) the sum of the aggregate
2 outstanding pre-October 13, 1987, in-
3 debtedness (as defined in subpara-
4 graph (D)) plus the aggregate out-
5 standing pre-December 15, 2017, in-
6 debtedness (as defined in subpara-
7 graph (C)).”.

8 (c) TREATMENT OF INDEBTEDNESS INCURRED ON
9 OR BEFORE DECEMBER 15, 2017.—Section 163(h)(3)(C)
10 is amended to read as follows:

11 “(C) TREATMENT OF INDEBTEDNESS IN-
12 CURRED ON OR BEFORE DECEMBER 15, 2017.—

13 “(i) IN GENERAL.—In the case of any
14 pre-December 15, 2017, indebtedness, sub-
15 paragraph (B)(ii) shall not apply and the
16 aggregate amount of such indebtedness
17 treated as acquisition indebtedness for any
18 period shall not exceed the excess (if any)
19 of—

20 “(I) \$1,000,000,000
21 (\$500,000,000, in the case of a mar-
22 ried individual filing a separate re-
23 turn), over

1 “(II) the aggregate outstanding
2 pre-October 13, 1987, indebtedness
3 (as defined in subparagraph (D)).

4 “(ii) PRE-DECEMBER 15, 2017, IN-
5 DEBTEDNESS.—For purposes of this sub-
6 paragraph—

7 “(I) IN GENERAL.—The term
8 ‘pre-December 15, 2017, indebted-
9 ness’ means indebtedness (other than
10 pre-October 13, 1987, indebtedness)
11 incurred on or before December 15,
12 2017.

13 “(II) BINDING WRITTEN CON-
14 TRACT EXCEPTION.—In the case of a
15 taxpayer who enters into a written
16 binding contract before December 15,
17 2017, to close on the purchase of a
18 principal residence before January 1,
19 2018, and who purchases such resi-
20 dence before April 1, 2018, the term
21 ‘pre-December 15, 2017, indebted-
22 ness’ shall include indebtedness se-
23 cured by such residence.

24 “(iii) REFINANCING INDEBTED-
25 NESS.—

1 “(I) IN GENERAL.—In the case
2 of any indebtedness which is incurred
3 to refinance indebtedness, such refi-
4 nanced indebtedness shall be treated
5 for purposes of this subparagraph as
6 incurred on the date that the original
7 indebtedness was incurred to the ex-
8 tent the amount of the indebtedness
9 resulting from such refinancing does
10 not exceed the amount of the refi-
11 nanced indebtedness.

12 “(II) LIMITATION ON PERIOD OF
13 REFINANCING.—Subclause (I) shall
14 not apply to any indebtedness after
15 the expiration of the term of the origi-
16 nal indebtedness or, if the principal of
17 such original indebtedness is not am-
18 ortized over its term, the expiration of
19 the term of the 1st refinancing of
20 such indebtedness (or if earlier, the
21 date which is 30 years after the date
22 of such 1st refinancing).”.

23 (d) COORDINATION WITH TREATMENT OF INDEBT-
24 EDNESS INCURRED ON OR BEFORE OCTOBER 13, 1987.—
25 Section 163(h)(3)(D) is amended—

1 (1) by striking clause (ii) and redesignating
2 clauses (iii) and (iv) as clauses (ii) and (iii), respec-
3 tively, and

4 (2) in clause (iii) (as so redesignated)—

5 (A) by striking “clause (iii)” in the matter
6 preceding subclause (I) and inserting “clause
7 (ii)”, and

8 (B) by striking “clause (iii)(I)” in sub-
9 clauses (I) and (II) and inserting “clause
10 (ii)(I)”.

11 (e) COORDINATION WITH EXCLUSION OF INCOME
12 FROM DISCHARGE OF INDEBTEDNESS.—Section
13 108(h)(2) is amended by striking “applied by substituting
14 ‘\$750,000 (\$375,000’ for ‘\$1,000,000 (\$500,000’ in
15 clause (ii) thereof and”.

16 (f) CONFORMING AMENDMENT.—Section 163(h)(3)
17 is amended by striking subparagraph (F).

18 (g) EFFECTIVE DATE.—The amendments made by
19 this section shall apply to taxable years beginning after
20 the date of the enactment of this Act.

Strike section 110009 and insert the following:

1 **SEC. 110009. HIGH INCOME INDIVIDUALS LIMITED TO PER-**
2 **SONAL CASUALTY LOSSES ATTRIBUTABLE TO**
3 **FEDERALLY DECLARED DISASTERS.**

4 (a) LIMITATION APPLICABLE TO HIGH INCOME INDIVIDUALS.—Section 165(h)(5)(A) is amended by inserting
5 “if the taxpayer’s modified adjusted gross income for any
6 taxable year exceeds \$1,000,000,000 (\$500,000,000 in the
7 case of a married individual filing a separate return),”
8 after “In the case of an individual,”.

10 (b) MADE PERMANENT.—Section 165(h)(5)(A) is
11 amended by striking “in a taxable year beginning after
12 December 31, 2017, and before January 1, 2026,” and
13 inserting “for such taxable year”.

14 (c) MODIFIED ADJUSTED GROSS INCOME.—Section
15 165(h)(5) is amended by adding at the end the following
16 new subparagraph:

17 “(C) MODIFIED ADJUSTED GROSS IN-
18 COME.—For purposes of this paragraph, the
19 term ‘modified adjusted gross income’ means
20 the adjusted gross income of the taxpayer for
21 the taxable year increased by any amount ex-
22 cluded from gross income under section 911,
23 931, or 933.”.

24 (d) CONFORMING AMENDMENTS.—

1 (1) Section 165(h)(4)(C) is amended by strik-
2 ing “paragraph (2)” and inserting “paragraphs (2)
3 and (5)”.

4 (2) Section 165(h)(5) is amended by striking
5 “LIMITATION FOR TAXABLE YEARS 2018 THROUGH
6 2025” in the heading thereof and inserting “HIGH
7 INCOME INDIVIDUALS LIMITED TO LOSSES ATTRIB-
8 UTABLE TO FEDERALLY DECLARED DISASTERS”.

9 (e) EFFECTIVE DATE.—The amendments made by
10 this section shall apply to losses sustained in taxable years
11 beginning after December 31, 2025.

Strike section 110010 and insert the following:

12 **SEC. 110010. MISCELLANEOUS ITEMIZED DEDUCTIONS SUB-**
13 **JECT TO 2 PERCENT FLOOR OR DISALLOWED**
14 **FOR HIGH INCOME INDIVIDUALS.**

15 (a) IN GENERAL.—Section 67 is amended—

16 (1) by amending subsection (a) to read as fol-
17 lows:

18 “(a) IN GENERAL.—In the case of an individual—

19 “(1) if the taxpayer’s adjusted gross income for
20 any taxable year exceeds \$1,000,000,000
21 (\$500,000,000 in the case of a married individual
22 filing a separate return), miscellaneous itemized de-
23 ductions shall not be allowed for such taxable year,
24 and

1 “(2) if paragraph (1) does not apply to the tax-
2 payer for the taxable year, the miscellaneous
3 itemized deductions for such taxable year shall be al-
4 lowed only to the extent that the aggregate of such
5 deductions exceeds 2 percent of adjusted gross in-
6 come.”, and

7 (2) by striking subsection (g).

8 (b) CONFORMING AMENDMENTS.—

9 (1) Section 67 is amended in the heading, by
10 striking “**2-PERCENT FLOOR ON**” and inserting
11 “**LIMITATION ON**”.

12 (2) The table of sections for part 1 of sub-
13 chapter B of chapter 1 is amended by striking the
14 item relating to section 67 and inserting the fol-
15 lowing new item:

“Sec. 67. Limitation on miscellaneous itemized deductions.”.

16 (c) EFFECTIVE DATE.—The amendments made by
17 this section shall apply to taxable years beginning after
18 December 31, 2025.

Strike section 110011 and insert the following:

19 **SEC. 110011. OVERALL LIMITATION ON ITEMIZED DEDUC-**
20 **TIONS APPLICABLE TO HIGH INCOME INDIV-**
21 **VIDUALS.**

22 (a) LIMITATION TO HIGH INCOME INDIVIDUALS.—
23 Section 68(b) is amended to read as follows:

1 “(b) APPLICABLE AMOUNT.—For purposes of this
2 section, the term ‘applicable amount’ means—

3 “(1) in the case of any taxpayer not described
4 in paragraph (2), \$1,000,000, and

5 “(2) in the case of a married individual filing
6 a separate return, \$500,000.”.

7 (b) EFFECTIVE DATE.—The amendments made by
8 this section shall apply to taxable years beginning after
9 December 31, 2025.

Strike section 110012 and insert the following:

10 **SEC. 110012. QUALIFIED BICYCLE COMMUTING REIM-**
11 **BURSEMENT EXCLUSION NOT ALLOWED TO**
12 **HIGH INCOME EMPLOYEES.**

13 (a) IN GENERAL.—Section 132(f)(8) is amended to
14 read as follows:

15 “(8) QUALIFIED BICYCLE COMMUTING REIM-
16 BURSEMENT EXCLUSION NOT ALLOWED TO HIGH IN-
17 COME EMPLOYEES.—

18 “(A) IN GENERAL.—In the case of an em-
19 ployee whose modified adjusted gross income
20 exceeds \$1,000,000,000 (\$500,000,000 in the
21 case of a married individual filing a separate re-
22 turn) for any taxable year, paragraph (1)(D)
23 shall not apply to such taxable year.

1 “(B) MODIFIED ADJUSTED GROSS IN-
2 COME.—For purposes of this paragraph, the
3 term ‘modified adjusted gross income’ means
4 the adjusted gross income of the taxpayer for
5 the taxable year increased by any amount ex-
6 cluded from gross income under section 911,
7 931, or 933.”.

8 (b) CONFORMING AMENDMENT.—Section 274(l)(2) is
9 amended by striking “after December 31, 2017, and be-
10 fore January 1, 2026” and insert “with respect to an em-
11 ployee to which section 132(f)(1)(D) does not apply”.

12 (c) EFFECTIVE DATE.—The amendments made by
13 this section shall apply to taxable years beginning after
14 December 31, 2025.

Strike section 110013 and insert the following sec-
tions:

15 **SEC. 110013. QUALIFIED MOVING EXPENSE REIMBURSE-**
16 **MENT EXCLUSION NOT ALLOWED TO HIGH**
17 **INCOME EMPLOYEES OTHER THAN CERTAIN**
18 **MEMBERS OF THE ARMED FORCES.**

19 (a) IN GENERAL.—Section 132(g)(2) is amended to
20 read as follows:

21 “(2) CERTAIN HIGH INCOME EMPLOYEES INELI-
22 GIBLE FOR EXCLUSION.—

1 “(A) IN GENERAL.—Subsection (a)(6)
2 shall not apply in the case of any employee if—

3 “(i) the modified adjusted gross in-
4 come of such employee for the taxable year
5 exceeds \$1,000,000,000 (\$500,000,000 in
6 the case of a married individual filing a
7 separate return), and

8 “(ii) such employee is not a member
9 of the Armed Forces of the United State
10 on active duty who moves pursuant to a
11 military order and incident to a permanent
12 change of station.

13 “(B) MODIFIED ADJUSTED GROSS IN-
14 COME.—For purposes of this paragraph, the
15 term ‘modified adjusted gross income’ means
16 the adjusted gross income of the taxpayer for
17 the taxable year increased by any amount ex-
18 cluded from gross income under section 911,
19 931, or 933.”.

20 (b) EFFECTIVE DATE.—The amendment made by
21 this section shall apply to taxable years beginning after
22 December 31, 2025.

1 **SEC. 110014. DEDUCTION FOR MOVING EXPENSES NOT AL-**
2 **LOWED TO HIGH INCOME EMPLOYEES OTHER**
3 **THAN CERTAIN MEMBERS OF THE ARMED**
4 **FORCES.**

5 (a) IN GENERAL.—Section 217(k) is amended to
6 read as follows:

7 “(k) DEDUCTION NOT ALLOWED TO HIGH INCOME
8 EMPLOYEES OTHER THAN CERTAIN MEMBERS OF THE
9 ARMED FORCES.—

10 “(1) IN GENERAL.—This section shall not apply
11 to any individual if—

12 “(A) the taxpayer’s modified adjusted
13 gross income for the taxable year exceeds
14 \$1,000,000,000 (\$500,000,000 in the case of a
15 married individual filing a separate return), and

16 “(B) such individual is not a member of
17 the Armed Forces of the United State on active
18 duty who moves pursuant to a military order
19 and incident to a permanent change of station.

20 “(2) MODIFIED ADJUSTED GROSS INCOME.—

21 For purposes of this subsection, the term ‘modified
22 adjusted gross income’ means the adjusted gross in-
23 come of the taxpayer for the taxable year increased
24 by any amount excluded from gross income under
25 section 911, 931, or 933.”.

1 (b) EFFECTIVE DATE.—The amendment made by
2 this section shall apply to taxable years beginning after
3 December 31, 2025.

Strike section 110014 and insert the following:

4 **SEC. 110014. LIMITATION ON WAGERING LOSSES.**

5 (a) IN GENERAL.—Section 165(d) is amended by
6 striking “in the case of taxable years beginning after De-
7 cember 31, 2017, and before January 1, 2026,”.

8 (b) EFFECTIVE DATE.—The amendment made by
9 this section shall apply to taxable years beginning after
10 the date of the enactment of this Act.

Strike section 110006 and insert the following:

11 **SEC. 110006. INCREASE IN ESTATE AND GIFT TAX EXEMP-**
12 **TION.**

13 (a) IN GENERAL.—Section 2010(c)(3) is amended in
14 subparagraph (A), by striking “\$5,000,000” and inserting
15 “\$10,000,000”.

16 (b) CONFORMING AMENDMENT.—Section 2010(c)(3)
17 is amended by striking subparagraph (C).

18 (c) EFFECTIVE DATE.—The amendments made by
19 this section shall apply to estates of decedents dying and
20 gifts made after the date of the enactment of this Act.

Strike section 110007 and insert the following:

1 **SEC. 110007. INCREASED EXEMPTION FOR INDIVIDUALS.**

2 (a) IN GENERAL.—Section 55(d)(1) is amended—

3 (1) by striking “\$78,750” in subparagraph (A)

4 and inserting “\$109,400”, and

5 (2) by striking “\$50,600” in subparagraph (B)

6 and inserting “\$70,300”.

7 (b) PHASE-OUT OF EXEMPTION AMOUNT.—Section
8 55(d)(2) is amended—

9 (1) by striking “\$150,000” in subparagraph
10 (A) and inserting “\$1,000,000”, and

11 (2) by striking subparagraphs (B) and (C) and
12 by inserting the following new subparagraphs:

13 “(B) 50 percent of the dollar amount ap-
14 plicable under subparagraph (A) in the case of
15 a taxpayer described in paragraph (1)(B) or
16 (1)(C), and

17 “(C) \$75,000 in the case of a taxpayer de-
18 scribed in paragraph (1)(D).”.

19 (c) INFLATION ADJUSTMENT.—Section 55(d)(3) is
20 amended to read as follows:

21 “(3) INFLATION ADJUSTMENT.—Each dollar
22 amount described in clause (i) or (ii) of subpara-
23 graph (B) shall be increased by an amount equal
24 to—

25 “(A) such dollar amount, multiplied by

1 “(B) the cost-of-living adjustment deter-
2 mined under section 1(f)(3) for the calendar
3 year in which the taxable year begins, deter-
4 mined by substituting—

5 “(i) in the case of a dollar amount
6 contained in paragraph (1)(D) or (2)(C) or
7 in subsection (b)(1)(A), ‘calendar year
8 2011’ for ‘calendar year 2016’ in subpara-
9 graph (A)(ii) thereof, and

10 “(ii) in the case of a dollar amount
11 contained in paragraph (1)(A), (1)(B), or
12 (2)(A), ‘calendar year 2017’ for ‘calendar
13 year 2016’ in subparagraph (A)(ii) thereof.

14 Any increased amount determined under this para-
15 graph shall be rounded to the nearest multiple of
16 \$100 (\$50 in the case of the dollar amount con-
17 tained in paragraph (2)(C)).”.

18 (d) REPEAL OF COORDINATION WITH RULES RELAT-
19 ING TO THE TAXATION OF UNEARNED CHILDREN.—Sec-
20 tion 59 is amended by striking subsection (j).

21 (e) CONFORMING AMENDMENT.—Section 55(d) is
22 amended by striking paragraph (4).

1 (f) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to taxable years beginning after
3 the date of the enactment of this Act.

