

**AMENDMENT TO**  
**RULES COMMITTEE PRINT 119-3**

**OFFERED BY MS. CHU OF CALIFORNIA**

Strike section 110001 and insert the following:

**SEC. 110001. MODIFICATION OF RATES; RESTORATION OF 39.6  
PERCENT RATE FOR HIGH INCOME INDIVIDUALS.**

(a) **MARRIED INDIVIDUALS FILING JOINT RETURNS AND SURVIVING SPOUSES.**—Section 1(a) is amended by striking the table contained therein and inserting the following:

<b>“If taxable income is:</b>	<b>The tax is:</b>
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 \$10,000,000	\$161,379, plus 37% of the excess over \$600,000.
Over \$10,000,000	\$3,639,379, plus 39.6% of the excess over \$10,000,000. ”.

(b) **HEADS OF HOUSEHOLDS.**—Section 1(b) is amended by striking the table contained therein and inserting the following:

<b>“If taxable income is:</b>	<b>The tax is:</b>
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 \$10,000,000	\$149,298, plus 37% of the excess over \$500,000.
Over \$10,000,000	\$3,664,298, plus 39.6% of the excess over \$10,000,000. ”.

(c) **UNMARRIED INDIVIDUALS OTHER THAN SURVIVING SPOUSES AND HEADS OF HOUSEHOLDS.**—Section 1(c) is amended by striking the table contained therein and inserting the following:

<b>“If taxable income is:</b>	<b>The tax is:</b>
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 \$10,000,000	\$150,689.50, plus 37% of the excess over \$500,000.
Over \$10,000,000	\$3,665,689.5, plus 39.6% of the excess over \$10,000,000.”.

(d) MARRIED INDIVIDUALS FILING SEPARATE RETURNS.—Section 1(d) is amended by striking the table contained therein and inserting the following:

<b>“If taxable income is:</b>	<b>The tax is:</b>
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 \$5,000,000	\$80,689.50, plus 37% of the excess over \$300,000.
Over \$5,000,000	\$1,819,689.50, plus 39.6% of the excess over \$5,000,000.”.

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

<b>“If taxable income is:</b>	<b>The tax is:</b>
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.”.

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

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

“(A) by increasing the minimum and maximum dollar amounts for each bracket for which a tax is imposed under such table by the cost-of-living adjustment for such calendar year, determined under this subsection for such calendar year by substituting ‘2017’ for ‘2016’ in paragraph (3)(A)(ii),”

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

“(7) ROUNDING.—

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

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

(3) by striking paragraph (8), and

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

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

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

(2) in paragraph (1)(C)(ii)(I), by striking “which would (without regard to this paragraph) be taxed at a rate below 39.6 percent” and inserting “below the maximum 15-percent rate amount”, and

(3) by adding at the end the following new paragraphs:

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

“(A) in the case of a joint return or surviving spouse (as  
defined in section 2(a)), \$479,000 (½ such amount in the  
case of a married individual filing a separate return),

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

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

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

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

“(14) INFLATION ADJUSTMENT.—

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

“(i) such dollar amount, multiplied by

“(ii) the cost-of-living adjustment determined under  
subsection (f)(3) for the calendar year in which the  
taxable year begins, determined by substituting  
‘calendar year 2017’ for ‘calendar year 2016’ in  
subparagraph (A)(ii) thereof.

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

(h) CONFORMING AMENDMENTS.—

(1) Section 1 is amended by striking subsections (i) and (j).

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

(i) APPLICATION OF SECTION 15.—

(1) IN GENERAL.—Subsection (a) of section 15 is amended by striking “If any rate of tax” and inserting “In the case of a corporation, if any rate of tax”.

(2) CONFORMING AMENDMENTS.—

(A) Section 15 is amended by striking subsections (d) and (f).

(B) Section 6013(c) is amended by striking “sections 15, 443, and 7851(a)(1)(A)” and inserting “section 443”.

(C) The heading of section 15 is amended by inserting “ON CORPORATIONS” after “EFFECT OF CHANGES”.

(D) The table of sections for part III of subchapter A of chapter 1 is amended by striking the item relating to section 15 and inserting the following new item:

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

(j) EFFECTIVE DATE.—

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

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

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

(B) any amendment made by this Act.

Strike section 110005 and insert the following:

**SEC. 110005. DEDUCTION FOR QUALIFIED BUSINESS INCOME;  
PHASEOUT FOR HIGH INCOME INDIVIDUALS.**

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

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

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

“(1) IN GENERAL.—The amount of the deduction under subsection (a) shall be reduced by 50 percent of the amount by which the modified adjusted gross income of the taxpayer for the taxable year exceeds \$10,000,000 (\$5,000,000, in the case of a married individual filing a separate return).

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

“(3) ESTATES AND TRUSTS.—For purposes of this subsection, in the case of an estate or trust, adjusted gross income shall be computed as provided in section 67(e).”.

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

Strike section 112026 and insert the following:

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

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

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

“(1) **LIMITATION.**—In the case of a taxpayer other than a corporation, any excess business loss of the taxpayer for the taxable year shall not be allowed.”, and

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

(b) **CONFORMING AMENDMENTS.**—

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

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

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

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

(5) Section 1258(d)(5)(C) is amended by striking “section 461(k)(4)” and inserting “section 461(j)(4)”.

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

Strike section 110002 and insert the following

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

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

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

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

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

“(4) ADJUSTMENTS FOR INFLATION.—

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

“(i) such dollar amount, multiplied by

“(ii) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting for ‘2016’ in subparagraph (A)(ii) thereof—

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

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

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

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

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

(d) EFFECTIVE DATE.—If the Congressional Budget Office certifies that the ten year score for this Act increases the Federal deficit, the amendments made by this section shall apply to taxable years beginning after such date.

Strike section 110004 and insert the following:



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

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

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

“(1) \$2,000 for each qualifying child of the taxpayer, and

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

“(b) LIMITATION BASED ON ADJUSTED GROSS INCOME.—The amount of the credit allowable under subsection (a) shall be reduced (but not below zero) by \$50 for each \$1,000 (or fraction thereof) by which the taxpayer's modified adjusted gross income exceeds \$400,000 in the case of a joint return (\$200,000 in any other case). For purposes of the preceding sentence, the term “modified adjusted gross income” means adjusted gross income increased by any amount excluded from gross income under section 911, 931, or 933.

“(c) QUALIFYING CHILD; QUALIFYING DEPENDENT.—For purposes of this section—

“(1) QUALIFYING CHILD.—The term ‘qualifying child’ means any qualifying dependent of the taxpayer—

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

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

“(C) whose name and social security number are included on the taxpayer’s return of tax for the taxable year.

“(2) QUALIFYING DEPENDENT.—The term ‘qualifying dependent’ means any dependent of the taxpayer (as defined in section 7706 without regard to all that follows ‘resident of the United States’ in section 7706(b)(3)(A)) whose name and TIN are included on the taxpayer’s return of tax for the taxable year.

“(3) SOCIAL SECURITY NUMBER DEFINED.—For purposes of this subsection, the term ‘social security number’ means, with respect to a return of tax, a social security number issued to an individual by the Social Security Administration, but only if the social security number is issued—

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

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

(b) PORTION OF CREDIT REFUNDABLE.—

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

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

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

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

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

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

(3) INFLATION ADJUSTMENT.—Section 24(d) is amended by inserting after paragraph (3) the following new paragraph:

“(4) ADJUSTMENT FOR INFLATION.—

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

“(i) such dollar amount, multiplied by

“(ii) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting ‘2017’ for ‘2016’ in subparagraph (A)(ii) thereof.

“(B) ROUNDING.—If any increase under subparagraph (A) is not a multiple of \$100, such increase shall be rounded to the next lowest multiple of \$100.

“(C) LIMITATION.—The amount of any increase under subparagraph (A) (after the application of subparagraph (B)) shall not exceed \$600.”.

(4) CONFORMING AMENDMENTS.—

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

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

(B) Section 24 is amended by striking subsection (h).

(c) REPEAL OF CERTAIN LATER ENACTED PROVISIONS.—

(1) Section 24 is amended by striking subsections (i), (j), and (k).

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

(3) Section 26(b)(2) is amended by inserting “and” at the end of subparagraph (X), by striking “, and” at the end of subparagraph (Y) and inserting a period, and by striking subparagraph (Z).

(4) Section 3402(f)(1)(C) is amended by striking “section 24 (determined after application of subsection (j) thereof)” and inserting “section 24(a)”.

(5) Section 6211(b)(4)(A) is amended—

(A) by striking “24 by reason of subsections (d) and (i)(1) thereof” and inserting “24(d)”, and

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

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

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

Strike 112028 and insert the following:

**SEC. 112028. INCREASED LIMITATION FOR CERTAIN CHARITABLE CONTRIBUTIONS.**

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

“(G) CASH CONTRIBUTIONS.—

“(i) IN GENERAL.—Any contribution of cash to an organization described in subparagraph (A) shall be

allowed to the extent that the aggregate of such contributions does not exceed 60 percent of the taxpayer's contribution base for the taxable year, reduced by the aggregate amount of contributions allowable under subparagraph (A) for such taxpayer for such year.

“(ii) CARRYOVER.—If the aggregate amount of contributions described in clause (i) exceeds the limitation of clause (i), such excess shall be treated (in a manner consistent with the rules of subsection (d)(1)) as a charitable contribution to which clause (i) applies in each of the 5 succeeding years in order of time.”.

(b) COORDINATION WITH LIMITATIONS ON OTHER CONTRIBUTIONS.—

(1) COORDINATION WITH 50 PERCENT LIMITATION.—Section 170(b)(1)(A) is amended by striking “Any charitable contribution” and inserting “Any charitable contribution other than a contribution described in subparagraph (G)”.

(2) COORDINATION WITH 30 PERCENT LIMITATION.—Section 170(b)(1)(B) is amended—

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

(B) by amending clause (ii) to read as follows:

“(ii) the excess of—

“(I) the sum of 50 percent of the taxpayer's contribution base for the taxable year, plus so much of the amount of charitable contributions allowable under subparagraph (G) as does not exceed 10 percent of such contribution base, over

“(II) the amount of charitable contributions allowable under subparagraphs (A) and (G) (determined without regard to subparagraph (C)).”, and

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

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

Strike section 110015 and insert the following sections:

**SEC. 110015. INCREASED CONTRIBUTIONS TO ABLE ACCOUNTS.**

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

(b) ALLOWANCE OF SAVER’S CREDIT FOR ABLE CONTRIBUTIONS BY ACCOUNT HOLDER.—Section 25B(d)(1)(D) is amended by striking “made before January 1, 2026,”.

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

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

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

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

Strike section 110018 and insert the following:

**SEC. 110018. TREATMENT OF CERTAIN INDIVIDUALS  
PERFORMING SERVICES IN THE SINAI PENINSULA OF  
EGYPT.**

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

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

“(A) any area”, and

(2) by striking the period at the end and inserting “, and

“(B) the Sinai Peninsula of Egypt.”.

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

(1) by striking “only if performed” and inserting “only if—

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

(2) by striking the period at the end and inserting “, and

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

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

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

Strike section 110019 and insert the following  
sections:

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

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

(1) in the heading, by striking “2025” and inserting “2024”, and

(2) by striking “January 1, 2026” and inserting “January 1, 2025”.

(b) REINSTATEMENT OF RULE FOR DISCHARGES ON ACCOUNT OF DEATH OR DISABILITY AFTER 2024.—Section 108(f) is amended by adding at the end the following new paragraph:

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

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

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

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

“(iii) otherwise discharged on account of the death or total and permanent disability of the student.

“(B) LOANS DESCRIBED.—A loan is described in this subparagraph if such loan is—

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



“(ii) a private education loan (as defined in section 140(7) of the Consumer Credit Protection Act (15 U.S.C. 1650(7))).”.

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

**SEC. 110020. 529 ACCOUNT FUNDING FOR HOMESCHOOL AND ADDITIONAL ELEMENTARY AND SECONDARY EXPENSES.**

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

“(7) TREATMENT OF ELEMENTARY AND SECONDARY TUITION.—Any reference in this section to the term ‘qualified higher education expense’ shall include a reference to the following expenses in connection with enrollment or attendance at, or for students enrolled at or attending, an elementary or secondary public, private, or religious school:

“(A) Tuition.

“(B) Curriculum and curricular materials.

“(C) Books or other instructional materials.

“(D) Online educational materials.

“(E) Tuition for tutoring or educational classes outside of the home, including at a tutoring facility, but only if the tutor or instructor is not related to the student and—

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

“(ii) has taught at an eligible educational institution,  
or

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

“(F) Fees for a nationally standardized norm-referenced achievement test, an advanced placement examination, or any examinations related to college or university admission.

“(G) Fees for dual enrollment in an institution of higher education.

“(H) Educational therapies for students with disabilities provided by a licensed or accredited practitioner or provider, including occupational, behavioral, physical, and speech-language therapies.

Such term shall include expenses for the purposes described in subparagraphs (A) through (H) in connection with a homeschool (whether treated as a homeschool or a private school for purposes of applicable State law).”.

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

At the appropriate place, insert the following:

**SEC. \_\_\_\_ . REPEAL OF DEDUCTION FOR PERSONAL EXEMPTIONS.**

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

(b) DEFINITION OF DEPENDENT RETAINED.—Section 152, prior to the repeal made by subsection (a), is hereby redesignated as section 7706 and moved to the end of chapter 79.

(c) APPLICATION TO TRUSTS AND ESTATES.—Section 642(b) is amended—

(1) in paragraph (2)(C)—

(A) in clause (i), by striking “the exemption amount under section 151(d)” and all that follows through the period at the end and inserting “the dollar amount in effect under section 7706(d)(1)(B).”, and

(B) by striking clause (iii),

(2) by striking paragraph (3), and

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

(d) APPLICATION TO NONRESIDENT ALIENS.—Section 873(b) is amended by striking paragraph (3).

(e) MODIFICATION OF RETURN REQUIREMENT.—

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

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

“(A) an individual who is not married (determined by applying section 7703) and who has gross income for the taxable year which does not exceed the standard deduction applicable to such individual for such taxable year under section 63, or

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

“(i) the gross income of such individual, when combined with the gross income of such individual’s spouse, for the taxable year does not exceed the standard deduction which would be applicable for such taxable year under section 63 if such individual and such individual’s spouse made a joint return,

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

“(iii) neither such individual nor such individual’s spouse is an individual described in section 63(c)(4) who has income (other than earned income) in excess of the amount in effect under section 63(c)(4)(A).”.

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

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

(f) **CONFORMING AMENDMENTS.**—

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

(2) Section 2(a)(1)(B) is amended—

(A) by striking “section 152” and inserting “section 7706”, and

(B) by striking “with respect to whom the taxpayer is entitled to a deduction for the taxable year under section 151” and inserting “whose TIN is included on the taxpayer’s return of tax for the taxable year”.

(3) Section 2(b)(1)(A)(i) is amended—

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

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

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

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

(4) Section 2(b)(1)(A)(ii) is amended by striking “if the taxpayer is entitled to a deduction for the taxable year for such person under section 151” and inserting “if the taxpayer

included such person's TIN on the return of tax for the taxable year".

(5) Section 2(b)(1)(B) is amended by striking "if the taxpayer is entitled to a deduction for the taxable year for such father or mother under section 151" and inserting "if such father or mother is a dependent of the taxpayer and the taxpayer included such father or mother's TIN on the return of tax for the taxable year".

(6) Section 2(b)(3)(B) is amended—

(A) by striking "section 152(d)(2)" in clause (i) and inserting "section 7706(d)(2)", and

(B) by striking "section 152(d)" in clause (ii) and inserting "section 7706(d)".

(7) Section 21(b)(1)(A) is amended by striking "section 152(a)(1)" and inserting "section 7706(a)(1)".

(8) Section 21(b)(1)(B) is amended by striking "section 152" and inserting "section 7706".

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

(10) Section 21(e)(5) is amended by striking "section 152(e)(4)(A)" in the matter following subparagraph (B) and inserting "section 7706(e)(4)(A)".

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

"(A) who is a dependent of either the taxpayer or the taxpayer's spouse for the taxable year, or".

(12) Section 21(e)(6)(B) is amended by striking "section 152(f)(1)" and inserting "section 7706(f)(1)".

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

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

(15) Section 25B(c)(2)(A) is amended by striking “any individual with respect to whom a deduction under section 151 is allowed to another taxpayer” and inserting “any individual who is a dependent of another taxpayer”.

(16) Section 25B(c)(2)(B) is amended by striking “section 152(f)(2)” and inserting “section 7706(f)(2)”.

(17) Section 32(c)(1)(A)(ii)(III) is amended by striking “a dependent for whom a deduction is allowable under section 151 to another taxpayer” and inserting “a dependent of another taxpayer”.

(18) Section 32(c)(3) is amended—

(A) in subparagraph (A)—

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

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

(B) in subparagraph (B), by striking “unless the taxpayer is entitled to a deduction under section 151 for such taxable year with respect to such individual (or would be so entitled but for section 152(e))” and inserting “if such individual is not treated as a dependent of such taxpayer for such taxable year by reason of section 7706(b)(2) (determined without regard to section 7706(e))”, and

(C) in subparagraph (C), by striking “section 152(c)(1)(B)” and inserting “section 7706(c)(1)(B)”.

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

(20) Section 35(d)(2) is amended—

(A) by striking “section 152(e)” and inserting “section 7706(e)”, and

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

(21) Section 36B(b)(2)(A) is amended by striking “section 152” and inserting “section 7706”.

(22) Section 36B(b)(3)(B) is amended—

(A) in clause (ii)(I)(aa), by striking “who is not allowed a deduction under section 151 for the taxable year with respect to a dependent” and inserting “who does not have any dependents for the taxable year”, and

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

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

(24) Section 36B(d)(1) is amended by striking “equal to the number of individuals for whom the taxpayer is allowed a deduction under section 151 (relating to allowance of deduction

for personal exemptions) for the taxable year” and inserting “the sum of 1 (2 in the case of a joint return) plus the number of individuals who are dependents of the taxpayer for the taxable year”.

(25) Section 36B(e)(1) is amended by striking “1 or more individuals for whom a taxpayer is allowed a deduction under section 151 (relating to allowance of deduction for personal exemptions) for the taxable year (including the taxpayer or his spouse)” and inserting “1 or more of the taxpayer, the taxpayer’s spouse, or any dependent of the taxpayer”.

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

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

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

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

(28) Section 51(i)(1) is amended—

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

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

(29) Section 56(b)(1)(D) is amended—

(A) by striking “, the deduction for personal exemptions under section 151,”, and

(B) by striking “AND DEDUCTION FOR PERSONAL EXEMPTIONS” in the heading thereof.



(30) Section 63(b) is amended by adding “and” at the end of paragraph (1), by striking paragraph (2), and by redesignating paragraph (3) as paragraph (2).

(31) Section 63(c), as amended by section 121, is amended by striking paragraph (3) and redesignating paragraphs (4), (5), and (6) as paragraphs (3), (4), and (5), respectively.

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

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

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

(33) Section 63(f) is amended by striking all that precedes paragraph (3) and inserting the following:

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

“(1) IN GENERAL.—For purposes of subsection (c)(1), the additional standard deduction is, with respect to a taxpayer for a taxable year, the sum of—

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

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

“(2) APPLICATION TO MARRIED INDIVIDUALS.—

“(A) JOINT RETURNS.—In the case of a joint return, paragraph (1) shall be applied separately with respect to each spouse.

“(B) CERTAIN MARRIED INDIVIDUALS FILING SEPARATELY.—In the case of a married individual filing a separate return, if—

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

“(ii) such spouse is not the dependent of another taxpayer for a taxable year beginning in the calendar year in which such individual’s taxable year begins, and

“(iii) the TIN of such spouse is included on such individual’s return of tax for the taxable year,

the additional standard deduction shall be determined in the same manner as if such individual and such individual’s spouse filed a joint return.”.

(34) Section 63(f)(3) is amended by striking “paragraphs (1) and (2)” and inserting “subparagraphs (A) and (B) of paragraph (1)”.

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

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

(37) Section 105(b) is amended—

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

(B) by striking “section 152(f)(1)” and inserting “section 7706(f)(1)”, and

(C) by striking “section 152(e)” and inserting “section 7706(e)”.

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

(39) Section 125(e)(1)(D) is amended by striking “section 152” and inserting “section 7706”.

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

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

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

(42) Section 132(h)(2)(B) is amended—

(A) by striking “section 152(f)(1)” and inserting “section 7706(f)(1)”, and

(B) by striking “section 152(e)” and inserting “section 7706(e)”.

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

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

(45) Section 162(l)(1)(D) is amended by striking “section 152(f)(1)” and inserting “section 7706(f)(1)”.

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

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

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

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

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

(51) Section 213(d)(11) is amended by striking “section 152(d)(2)” in the matter following subparagraph (B) and inserting “section 7706(d)(2)”.

(52) Section 220(b)(6) is amended by striking “with respect to whom a deduction under section 151 is allowable to” and inserting “who is a dependent of”.

(53) Section 220(d)(2)(A) is amended by striking “section 152” and inserting “section 7706”.

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

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

(56) Section 223(d)(2)(A) is amended by striking “section 152” and inserting “section 7706”.

(57) Section 401(h) is amended by striking “section 152(f)(1)” in the last sentence and inserting “section 7706(f)(1)”.

(58) Section 402(l)(4)(D) is amended by striking “section 152” and inserting “section 7706”.

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

(60) Section 441(f)(2)(B)(iii) is amended by striking “, but only the adjusted amount of the deductions for personal exemptions as described in section 443(c)”.

(61) Section 443 is amended—

(A) in subsection (b)—

(i) by striking paragraph (3), and

(ii) by striking “modified taxable income” and inserting “taxable income” each place such term appears,

(B) by striking subsection (c), and

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

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

(63) Section 529(e)(2)(B) is amended by striking “section 152(d)(2)” and inserting “section 7706(d)(2)”.

(64) Section 529A(e)(4) is amended—

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

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

(65) Section 643(a)(2) is amended—

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

(B) by striking “DEDUCTION FOR PERSONAL EXEMPTION” in the heading thereof and inserting “BASIC DEDUCTION”.

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

(67) Section 874 is amended by striking subsection (b) and by redesignating subsection (c) as subsection (b).

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

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

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

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

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

(71) Section 933 is amended—

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

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

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

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

(73) Section 1361(c)(1)(C) is amended by striking “section 152(f)(1)(C)” and inserting “section 7706(f)(1)(C)”.

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

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

(76) Section 3402(f)(1)(A) is amended by striking “for whom a deduction is allowable with respect to another taxpayer under section 151” and inserting “who is a dependent of another taxpayer”.

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

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

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

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

(81) Section 5000A(c)(4)(A) is amended by striking “the number of individuals for whom the taxpayer is allowed a deduction under section 151 (relating to allowance of deduction for personal exemptions) for the taxable year” and inserting “the sum of 1 (2 in the case of a joint return) plus the number of the taxpayer’s dependents for the taxable year”.

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

(A) by striking “had less than the exemption amount of gross income” in clause (ii) and inserting “had no gross income”,

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

(C) by striking the flush language following clause (iii).

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

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

(85) Section 6103(l)(13) is amended—

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

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

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

“(iii) the number of the taxpayer’s dependents,”.

(87) Section 6213(g)(2)(H) is amended by striking “section 21 (relating to expenses for household and dependent care services necessary for gainful employment) or section 151 (relating to allowance of deductions for personal exemptions)” and inserting “subsection (a)(1)(B), (b)(1)(A)(ii), or (b)(1)(B) of section 2 or section 21, 35(d)(1)(B), 36B(b)(3)(B), or 63(f)(2)(B)”.

(88) Section 6334(d) is amended—

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

“(2) EXEMPT AMOUNT.—

“(A) IN GENERAL.—For purposes of paragraph (1), the term ‘exempt amount’ means an amount equal to—

“(i) the sum of the amount determined under subparagraph (B) and the standard deduction, divided by

“(ii) 52.

“(B) AMOUNT DETERMINED.—For purposes of subparagraph (A), the amount determined under this subparagraph is—

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



“(ii) the number of the taxpayer’s dependents for the taxable year in which the levy occurs.

“(C) VERIFIED STATEMENT.—Unless the taxpayer submits to the Secretary a written and properly verified statement specifying the facts necessary to determine the proper amount under subparagraph (A), subparagraph (A) shall be applied as if the taxpayer were a married individual filing a separate return with no dependents.”, and

(B) by striking paragraph (4).

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

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

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

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

(93) (A) Section 7706(d)(1)(B), as redesignated by this section, is amended by striking “the exemption amount (as defined in section 151(d))” and inserting “\$4,150”.

(B) Section 7706(d), as redesignated by this section, is amended by adding at the end the following new paragraph:

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

“(A) such dollar amount, multiplied by

“(B) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which such taxable

year begins, determined by substituting ‘calendar year 2017’ for ‘calendar year 2016’ in subparagraph (A)(ii) thereof.

If any increase determined under the preceding sentence is not a multiple of \$50, such increase shall be rounded to the next lowest multiple of \$50.”.

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

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

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

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

“Sec. 7706. Dependent defined.”.

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

Strike section 110008 and insert the following:

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

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

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

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

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

“(II) the sum of the aggregate outstanding pre-October 13, 1987, indebtedness (as defined in subparagraph (D)) plus the aggregate outstanding pre-December 15, 2017, indebtedness (as defined in subparagraph (C)).”.

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

“(C) TREATMENT OF INDEBTEDNESS INCURRED ON OR BEFORE DECEMBER 15, 2017.—

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

“(I) \$10,000,000 (\$5,000,000, in the case of a married individual filing a separate return), over

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

“(ii) PRE-DECEMBER 15, 2017, INDEBTEDNESS.—For purposes of this subparagraph—

“(I) IN GENERAL.—The term ‘pre-December 15, 2017, indebtedness’ means indebtedness (other

than pre-October 13, 1987, indebtedness) incurred on or before December 15, 2017.

“(II) BINDING WRITTEN CONTRACT EXCEPTION.—In the case of a taxpayer who enters into a written binding contract before December 15, 2017, to close on the purchase of a principal residence before January 1, 2018, and who purchases such residence before April 1, 2018, the term ‘pre-December 15, 2017, indebtedness’ shall include indebtedness secured by such residence.

“(iii) REFINANCING INDEBTEDNESS.—

“(I) IN GENERAL.—In the case of any indebtedness which is incurred to refinance indebtedness, such refinanced indebtedness shall be treated for purposes of this subparagraph as incurred on the date that the original indebtedness was incurred to the extent the amount of the indebtedness resulting from such refinancing does not exceed the amount of the refinanced indebtedness.

“(II) LIMITATION ON PERIOD OF REFINANCING.—Subclause (I) shall not apply to any indebtedness after the expiration of the term of the original indebtedness or, if the principal of such original indebtedness is not amortized over its term, the expiration of the term of the 1st refinancing of such indebtedness (or if earlier, the date which is 30 years after the date of such 1st refinancing).”.

(d) COORDINATION WITH TREATMENT OF INDEBTEDNESS INCURRED ON OR BEFORE OCTOBER 13, 1987.—Section 163(h)(3)(D) is amended—

(1) by striking clause (ii) and redesignating clauses (iii) and (iv) as clauses (ii) and (iii), respectively, and

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

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

(B) by striking “clause (iii)(I)” in subclauses (I) and (II) and inserting “clause (ii)(I)”.

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

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

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

Strike section 110009 and insert the following:

**SEC. 110009. HIGH INCOME INDIVIDUALS LIMITED TO PERSONAL CASUALTY LOSSES ATTRIBUTABLE TO FEDERALLY DECLARED DISASTERS.**

(a) LIMITATION APPLICABLE TO HIGH INCOME INDIVIDUALS.—Section 165(h)(5)(A) is amended by inserting “if the taxpayer’s modified adjusted gross income for any taxable year exceeds \$10,000,000 (\$5,000,000 in the case of a married individual filing a separate return),” after “In the case of an individual,”.

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

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

“(C) MODIFIED ADJUSTED GROSS INCOME.—  
For purposes of this paragraph, the term ‘modified adjusted

gross income’ means the adjusted gross income of the taxpayer for the taxable year increased by any amount excluded from gross income under section 911, 931, or 933.”.

(d) CONFORMING AMENDMENTS.—

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

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

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

Strike section 110010 and insert the following:

**SEC. 110010. MISCELLANEOUS ITEMIZED DEDUCTIONS SUBJECT TO 2 PERCENT FLOOR OR DISALLOWED FOR HIGH INCOME INDIVIDUALS.**

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

(1) by amending subsection (a) to read as follows:

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

“(1) if the taxpayer’s adjusted gross income for any taxable year exceeds \$10,000,000 (\$5,000,000 in the case of a married individual filing a separate return), miscellaneous itemized deductions shall not be allowed for such taxable year, and

“(2) if paragraph (1) does not apply to the taxpayer for the taxable year, the miscellaneous itemized deductions for such taxable year shall be allowed only to the extent that the

aggregate of such deductions exceeds 2 percent of adjusted gross income.”, and

(2) by striking subsection (g).

(b) CONFORMING AMENDMENTS.—

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

(2) The table of sections for part 1 of subchapter B of chapter 1 is amended by striking the item relating to section 67 and inserting the following new item:

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

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

Strike section 110011 and insert the following:

**SEC. 110011. OVERALL LIMITATION ON ITEMIZED DEDUCTIONS APPLICABLE TO HIGH INCOME INDIVIDUALS.**

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

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

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

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

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

Strike section 110012 and insert the following:

**SEC. 110012. QUALIFIED BICYCLE COMMUTING  
REIMBURSEMENT EXCLUSION NOT ALLOWED TO HIGH  
INCOME EMPLOYEES.**

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

**“(8) QUALIFIED BICYCLE COMMUTING  
REIMBURSEMENT EXCLUSION NOT ALLOWED TO  
HIGH INCOME EMPLOYEES.—**

**“(A) IN GENERAL.—**In the case of an employee whose modified adjusted gross income exceeds \$10,000,000 (\$5,000,000 in the case of a married individual filing a separate return) for any taxable year, paragraph (1)(D) shall not apply to such taxable year.

**“(B) MODIFIED ADJUSTED GROSS INCOME.—**For purposes of this paragraph, the term ‘modified adjusted gross income’ means the adjusted gross income of the taxpayer for the taxable year increased by any amount excluded from gross income under section 911, 931, or 933.”.

(b) CONFORMING AMENDMENT.—Section 274(l)(2) is amended by striking “after December 31, 2017, and before January 1, 2026” and insert “with respect to an employee to which section 132(f)(1)(D) does not apply”.

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

Strike section 110013 and insert the following sections:

**SEC. 110013. QUALIFIED MOVING EXPENSE REIMBURSEMENT  
EXCLUSION NOT ALLOWED TO HIGH INCOME EMPLOYEES  
OTHER THAN CERTAIN MEMBERS OF THE ARMED FORCES.**

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



**“(2) CERTAIN HIGH INCOME EMPLOYEES  
INELIGIBLE FOR EXCLUSION.—**

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

**“(i)** the modified adjusted gross income of such employee for the taxable year exceeds \$10,000,000 (\$5,000,000 in the case of a married individual filing a separate return), and

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

**“(B) MODIFIED ADJUSTED GROSS INCOME.—**For purposes of this paragraph, the term ‘modified adjusted gross income’ means the adjusted gross income of the taxpayer for the taxable year increased by any amount excluded from gross income under section 911, 931, or 933.”.

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

**SEC. 110014. DEDUCTION FOR MOVING EXPENSES NOT ALLOWED  
TO HIGH INCOME EMPLOYEES OTHER THAN CERTAIN  
MEMBERS OF THE ARMED FORCES.**

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

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

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

**“(A)** the taxpayer’s modified adjusted gross income for the taxable year exceeds \$10,000,000 (\$5,000,000 in the case of a married individual filing a separate return), and

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

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

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

Strike section 110014 and insert the following:

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

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

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

Strike section 110006 and insert the following:

**SEC. 110006. INCREASE IN ESTATE AND GIFT TAX EXEMPTION.**

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

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

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

Strike section 110007 and insert the following:

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

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

(1) by striking “\$78,750” in subparagraph (A) and inserting “\$109,400”, and

(2) by striking “\$50,600” in subparagraph (B) and inserting “\$70,300”.

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

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

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

“(B) 50 percent of the dollar amount applicable under subparagraph (A) in the case of a taxpayer described in paragraph (1)(B) or (1)(C), and

“(C) \$75,000 in the case of a taxpayer described in paragraph (1)(D).”.

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

“(3) INFLATION ADJUSTMENT.—Each dollar amount described in clause (i) or (ii) of subparagraph (B) shall be increased by an amount equal to—

“(A) such dollar amount, multiplied by

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

“(i) in the case of a dollar amount contained in paragraph (1)(D) or (2)(C) or in subsection (b)(1)(A), ‘calendar year 2011’ for ‘calendar year 2016’ in subparagraph (A)(ii) thereof, and

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

Any increased amount determined under this paragraph shall be rounded to the nearest multiple of \$100 (\$50 in the case of the dollar amount contained in paragraph (2)(C)).”.

(d) REPEAL OF COORDINATION WITH RULES RELATING TO THE TAXATION OF UNEARNED CHILDREN.—Section 59 is amended by striking subsection (j).

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

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