

119TH CONGRESS
1ST SESSION

H. R. 2927

To amend the Internal Revenue Code of 1986 to increase the earned income tax credit, child tax credit, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

APRIL 17, 2025

Mrs. CHERFILUS-McCORMICK (for herself, Mrs. McIVER, Mr. JOHNSON of Georgia, and Ms. TLAIb) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to increase the earned income tax credit, child tax credit, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; REFERENCES; TABLE OF CON-**
4 **TENTS.**

5 (a) SHORT TITLE.—This Act may be cited as the
6 “All-Americans Tax Relief Act of 2025”.

7 (b) REFERENCES.—Except as otherwise expressly
8 provided, whenever in this Act an amendment or repeal
9 is expressed in terms of an amendment to, or repeal of,

1 a section or other provision, the reference shall be consid-
 2 ered to be made to a section or other provision of the In-
 3 ternal Revenue Code of 1986.

4 (c) TABLE OF CONTENTS.—The table of contents for
 5 this Act is as follows:

Sec. 1. Short title; references; table of contents.
 Sec. 2. Expansion of earned income tax credit.
 Sec. 3. Child tax credit made fully refundable.
 Sec. 4. Medical expenses deduction expanded and allowed to non-itemizers.
 Sec. 5. Deduction for daycare expenses.
 Sec. 6. Commuting expense deduction.
 Sec. 7. Tutoring expenses deduction.
 Sec. 8. Exclusion of interest payments on credit card debt.
 Sec. 9. Rent deduction for primary residence.
 Sec. 10. Exclusion of discharge of indebtedness.
 Sec. 11. Increase in capital gains rate.

6 **SEC. 2. EXPANSION OF EARNED INCOME TAX CREDIT.**

7 (a) DECREASE IN PHASEOUT PERCENTAGE.—Sec-
 8 tion 32(b)(1) is amended to read as follows:

9 “(1) PERCENTAGES.—The credit percentage
 10 and phaseout percentage shall be determined as fol-
 11 lows:

“In the case of an eligible indi- vidual with:	The credit percentage is:	The phaseout percentage is:
1 qualifying child	38	20
2 qualifying children	43	25
3 or more qualifying children ...	45	25
No qualifying children	30 (35 in the case of a joint return)	15”.

12 (b) INCREASE IN MAXIMUM CREDIT AMOUNT.—Sec-
 13 tion 32(b)(2) is amended to read as follows:

14 “(2) AMOUNTS.—

1 “(B) EARNED INCOME AMOUNT.—The
2 term ‘earned income amount’ means—

3 “(i) in the case of an eligible indi-
4 vidual with 1 qualifying child, \$15,000,

5 “(ii) in the case of an individual with
6 2 or more qualifying children, \$20,000, or

7 “(iii) in the case of an individual with
8 no children—

9 “(I) in the case of a joint return,
10 \$10,000, or

11 “(II) in the case of any other in-
12 dividual, \$8,500.

13 “(C) PHASEOUT AMOUNT.—The phaseout
14 amount shall be—

15 “(i) \$47,120 in the case of a joint re-
16 turn, or

17 “(ii) \$40,000 in the case of any other
18 individual.”.

19 (c) CONFORMING AMENDMENT.—Section 32(j)(1) is
20 amended to read as follows:

21 “(1) IN GENERAL.—In the case of any taxable
22 year beginning after 2027 (2021 in the case of the
23 dollar amount in subsection (i)(1)), each of the dol-
24 lar amounts in subsections (b)(2) and (i)(1) shall be
25 increased by an amount equal to—

1 “(A) such dollar amount, multiplied by

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

7 “(i) in the case of amounts in sub-
 8 section (b)(2), ‘calendar year 2026’ for
 9 ‘calendar year 2016’, and

10 “(ii) in the case of the \$10,000
 11 amount in subsection (i)(1), ‘calendar year
 12 2020’ for ‘calendar year 2016’.”.

13 (d) EFFECTIVE DATE.—The amendments made by
 14 this section shall apply to taxable years beginning after
 15 December 31, 2026.

16 **SEC. 3. CHILD TAX CREDIT MADE FULLY REFUNDABLE.**

17 (a) IN GENERAL.—Subpart C of part IV of sub-
 18 chapter A of chapter 1 of subtitle A is amended by insert-
 19 ing after section 36B the following new section:

20 **“SEC. 36D. CHILD TAX CREDIT.**

21 “(a) ALLOWANCE OF CREDIT.—

22 “There shall be allowed as a credit against the
 23 tax imposed by this chapter for the taxable year an
 24 amount equal to the sum of—

1 “(1) \$2,000 for each of up to 3 qualifying chil-
2 dren of the taxpayer for which the taxpayer is al-
3 lowed a deduction under section 151, plus

4 “(2) \$500 for each other such qualifying child
5 of the taxpayer.

6 “(b) LIMITATIONS.—

7 “(1) LIMITATION BASED ON ADJUSTED GROSS
8 INCOME.—

9 “The amount of the credit allowable under
10 subsection (a) shall be reduced (but not below
11 zero) by \$50 for each \$1,000 (or fraction there-
12 of) by which the taxpayer’s modified adjusted
13 gross income exceeds the threshold amount. For
14 purposes of the preceding sentence, the term
15 ‘modified adjusted gross income’ means ad-
16 justed gross income increased by any amount
17 excluded from gross income under section 911,
18 931, or 933.

19 “(2) THRESHOLD AMOUNT.—For purposes of
20 paragraph (1), the term ‘threshold amount’ means—

21 “(A) \$110,000 in the case of a joint re-
22 turn,

23 “(B) \$75,000 in the case of an individual
24 who is not married, and

1 “(C) \$55,000 in the case of a married in-
2 dividual filing a separate return.

3 For purposes of this paragraph, marital status shall
4 be determined under section 7703.

5 “(c) QUALIFYING CHILD.—For purposes of this sec-
6 tion—

7 “(1) IN GENERAL.—

8 “The term ‘qualifying child’ means a quali-
9 fying child of the taxpayer (as defined in sec-
10 tion 152(c)) who has not attained age 17.

11 “(2) EXCEPTION FOR CERTAIN NONCITIZENS.—

12 “The term ‘qualifying child’ shall not in-
13 clude any individual who would not be a de-
14 pendent if subparagraph (A) of section
15 152(b)(3) were applied without regard to all
16 that follows ‘resident of the United States’.

17 “(d) SOCIAL SECURITY NUMBER REQUIRED.—No
18 credit shall be allowed under this section to a taxpayer
19 with respect to any qualifying child unless the taxpayer
20 includes the social security number of the taxpayer (and
21 the taxpayer’s spouse, in the case of a joint return) and
22 of such child on the return of tax for the taxable year.
23 For purposes of the preceding sentence, the term ‘social
24 security number’ means a social security number issued

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

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

7 “(2) before the due date for such return.

8 “(e) TAXABLE YEAR MUST BE FULL TAXABLE
 9 YEAR.—

10 “Except in the case of a taxable year closed by
 11 reason of the death of the taxpayer, no credit shall
 12 be allowable under this section in the case of a tax-
 13 able year covering a period of less than 12 months.

14 “(f) RESTRICTIONS ON TAXPAYERS WHO IMPROP-
 15 ERLY CLAIMED CREDIT IN PRIOR YEAR.—

16 “(1) TAXPAYERS MAKING PRIOR FRAUDULENT
 17 OR RECKLESS CLAIMS.—

18 “(A) IN GENERAL.—

19 “No credit shall be allowed under this
 20 section for any taxable year in the dis-
 21 allowance period.

22 “(B) DISALLOWANCE PERIOD.—For pur-
 23 poses of subparagraph (A), the disallowance pe-
 24 riod is—

1 “(i) the period of 10 taxable years
 2 after the most recent taxable year for
 3 which there was a final determination that
 4 the taxpayer’s claim of credit under this
 5 section was due to fraud, and

6 “(ii) the period of 2 taxable years
 7 after the most recent taxable year for
 8 which there was a final determination that
 9 the taxpayer’s claim of credit under this
 10 section was due to reckless or intentional
 11 disregard of rules and regulations (but not
 12 due to fraud).

13 “(2) TAXPAYERS MAKING IMPROPER PRIOR
 14 CLAIMS.—

15 “In the case of a taxpayer who is denied
 16 credit under this section for any taxable year as
 17 a result of the deficiency procedures under sub-
 18 chapter B of chapter 63, no credit shall be al-
 19 lowed under this section for any subsequent
 20 taxable year unless the taxpayer provides such
 21 information as the Secretary may require to
 22 demonstrate eligibility for such credit.

23 “(g) APPLICATION OF CREDIT IN POSSESSIONS.—

24 “(1) MIRROR CODE POSSESSIONS.—

25 “(A) IN GENERAL.—

1 “The Secretary shall pay to each pos-
2 session of the United States with a mirror
3 code tax system amounts equal to the loss
4 (if any) to that possession by reason of the
5 application of this section (determined
6 without regard to this subsection) with re-
7 spect to taxable years beginning after
8 2020. Such amounts shall be determined
9 by the Secretary based on information pro-
10 vided by the government of the respective
11 possession.

12 “(B) COORDINATION WITH CREDIT AL-
13 LOWED AGAINST UNITED STATES INCOME
14 TAXES.—

15 “No credit shall be allowed under this
16 section for any taxable year to any indi-
17 vidual to whom a credit is allowable
18 against taxes imposed by a possession of
19 the United States with a mirror code tax
20 system by reason of the application of this
21 section in such possession for such taxable
22 year.

23 “(C) MIRROR CODE TAX SYSTEM.—

24 “For purposes of this paragraph, the
25 term ‘mirror code tax system’ means, with

1 respect to any possession of the United
2 States, the income tax system of such pos-
3 session if the income tax liability of the
4 residents of such possession under such
5 system is determined by reference to the
6 income tax laws of the United States as if
7 such possession were the United States.

8 “(2) PUERTO RICO.—The credit determined
9 under this section shall be allowable to any bona fide
10 resident of Puerto Rico (within the meaning of sec-
11 tion 937(a)).

12 “(3) AMERICAN SAMOA.—

13 “(A) IN GENERAL.—

14 “The Secretary shall pay to American
15 Samoa amounts estimated by the Secretary
16 as being equal to the aggregate benefits
17 that would have been provided to residents
18 of American Samoa by reason of the appli-
19 cation of this section for taxable years be-
20 ginning after 2020 if the provisions of this
21 section had been in effect in American
22 Samoa (applied as if American Samoa
23 were the United States and without regard
24 to the application of this section to bona

1 fide residents of Puerto Rico under sub-
2 section (i)(1)).

3 “(B) DISTRIBUTION REQUIREMENT.—

4 “Subparagraph (A) shall not apply
5 unless American Samoa has a plan, which
6 has been approved by the Secretary, under
7 which American Samoa will promptly dis-
8 tribute such payments to its residents.

9 “(C) COORDINATION WITH CREDIT AL-
10 LOWED AGAINST UNITED STATES INCOME
11 TAXES.—

12 “(i) IN GENERAL.—

13 “In the case of a taxable year
14 with respect to which a plan is ap-
15 proved under subparagraph (B), this
16 section (other than this subsection)
17 shall not apply to any individual eligi-
18 ble for a distribution under such plan.

19 “(ii) APPLICATION OF SECTION IN
20 EVENT OF ABSENCE OF APPROVED
21 PLAN.—In the case of a taxable year with
22 respect to which a plan is not approved
23 under subparagraph (B) rules similar to
24 the rules of paragraph (2)(B) shall apply
25 with respect to bona fide residents of

1 American Samoa (within the meaning of
2 section 937(a)).

3 “(4) TREATMENT OF PAYMENTS.—

4 “For purposes of section 1324 of title 31,
5 United States Code, the payments under this
6 subsection shall be treated in the same manner
7 as a refund due from a credit provision referred
8 to in subsection (b)(2) of such section.

9 “(h) INFLATION ADJUSTMENT.—

10 “(1) IN GENERAL.—In the case of any taxable
11 year beginning after 2025, the dollar amounts in
12 subsections (a) and (b) shall be increased by an
13 amount equal to—

14 “(A) such dollar amount, multiplied by

15 “(B) the cost-of-living adjustment deter-
16 mined under section 1(f)(3) for the calendar
17 year in which the taxable year begins, deter-
18 mined by substituting ‘calendar year 2024’ for
19 ‘calendar year 2016’ in subparagraph (A)(ii)
20 thereof.

21 “(2) ROUNDING.—If any increase under para-
22 graph (1) is not a multiple of \$50, such increase
23 shall be rounded to the nearest multiple of \$50.”.

24 (b) CLERICAL AMENDMENT.—The table of sections
25 for subpart C of part IV of subchapter A of chapter 1

1 of subtitle A is amended by inserting after the item relat-
 2 ing to section 36B the following new section:

“Sec. 36D. Child tax credit.”.

3 (c) CONFORMING AMENDMENTS.—

4 (1) The table of sections for subpart A of part
 5 IV of subchapter A of chapter 1 of subtitle A is
 6 amended by striking the item relating to section 24.

7 (2) Section 26(b)(2) is amended by inserting
 8 “and” after the comma in subparagraph (X), by
 9 striking “, and” at the end of subparagraph (Y),
 10 and by striking subparagraph (Z).

11 (3) Section 45R(f)(3)(B) is amended by insert-
 12 ing “(as in effect on the day before the date of the
 13 enactment of the [All-Americans Tax Relief Act of
 14 2025])” after “section 24(d)(2)(C)”.

15 (4) Section 48D(d)(4) is amended by striking
 16 “section 24(k)” and inserting “section 36D(j)”.

17 (5) Section 152(f)(6)(B)(ii) is amended by
 18 striking “section 24” and inserting “section 36D”.

19 (6) Section 501(c)(26) is amended by striking
 20 “section 24(c)” in the matter following subpara-
 21 graph (D) and inserting “section 36D(c)”.

22 (7) Section 3402(f)(1)(C) is amended by strik-
 23 ing “section 24 (determined after application of sub-
 24 section (j) thereof)” and inserting “section 36D”.

1 (8) Section 6103(l)(13)(A)(v) is amended by
2 striking “section 24” and inserting “section 36D”.

3 (9) Section 6213(g)(2) is amended—

4 (A) in subparagraph (I), by striking “sec-
5 tion 24(e)” and inserting “section 36D(d)”,

6 (B) in subparagraph (L), by striking “24,
7 32” and inserting “32, 36D”, and

8 (C) in subparagraph (P), by striking “sec-
9 tion 24(g)(2) or an entry on the return claim-
10 ing the credit under section 24” and inserting
11 “section 36D(f)(2) or an entry on the return
12 claiming the credit under section 36D”.

13 (10) Section 6402(m) is amended by striking
14 “section 24 (by reason of subsection (d) thereof)”
15 and inserting “section 36D”.

16 (11) Section 6417(f) is amended by striking
17 “section 24(k)” and inserting “section 36D(h)”.

18 (12) Subchapter B of chapter 65 of subtitle F
19 is amended by repealing sections 6428, 6428A,
20 6428B, and 6429 and the table of sections for such
21 subchapter is amended by striking the items relating
22 to such sections.

23 (13) Section 6695(g)(2) is amended by striking
24 “section 24, 25A(a)(1), or 32” and inserting “sec-
25 tion 25A(a)(1), 32, or 36D”.

1 (14) Chapter 77 of subtitle F is amended by re-
2 pealing section 7527A and the table of sections for
3 such chapter is amended by striking the item relat-
4 ing to such section.

5 (d) EFFECTIVE DATE.—The amendments made by
6 this section shall apply to taxable years beginning after
7 December 31, 2026.

8 **SEC. 4. MEDICAL EXPENSES DEDUCTION EXPANDED AND**
9 **ALLOWED TO NON-ITEMIZERS.**

10 (a) THRESHOLD REMOVED.—Section 213(a) is
11 amended by striking “, to the extent” and all that follows
12 through “gross income”.

13 (b) DEDUCTION ALLOWED TO NON-ITEMIZERS.—
14 Section 63(b) is amended by striking “and” at the end
15 of paragraph (3), by striking the period at the end of para-
16 graph (4) and inserting “, and”, and by adding at the
17 end the following new paragraph:

18 “(5) the deduction provided in section 213.”.

19 (c) EFFECTIVE DATE.—The amendments made by
20 this section shall apply to taxable years beginning after
21 December 31, 2026.

22 **SEC. 5. DEDUCTION FOR DAYCARE EXPENSES.**

23 (a) IN GENERAL.—Part VI of subchapter B of chap-
24 ter 1 of subtitle A is amended by redesignating section

1 224 as section 225 and inserting after section 223 the fol-
 2 lowing new section:

3 **“SEC. 224. DAYCARE EXPENSES.**

4 “(a) IN GENERAL.—In the case of an individual,
 5 there shall be allowed as a deduction for the taxable year
 6 an amount equal to the qualified daycare expenses of the
 7 individual for such taxable year.

8 “(b) QUALIFIED DAYCARE EXPENSES.—For pur-
 9 poses of this section, the term ‘qualified daycare expenses’
 10 means the amounts paid or incurred by the individual as
 11 tuition for a dependent of the taxpayer who has not at-
 12 tained the age of 7 to attend a childcare institution (as
 13 defined in section 1355.20 of title 45, Code of Federal
 14 Regulations).”.

15 (b) DEDUCTION ALLOWED TO NON-ITEMIZERS.—
 16 Section 63(b) (as amended by section 4) is further amend-
 17 ed by striking “and” at the end of paragraph (4), by strik-
 18 ing the period at the end of paragraph (5) and inserting
 19 “, and”, and by adding at the end the following new para-
 20 graph:

21 “(6) the deduction provided in section 224.”.

22 (c) CLERICAL AMENDMENT.—The table of sections
 23 for part VI of subchapter B of chapter 1 of subtitle A
 24 is amended by striking the item relating to section 224
 25 and inserting the following new items:

“Sec. 224. Daycare expenses.

“Sec. 225. Cross reference.”.

1 (d) **EFFECTIVE DATE.**—The amendments made by
2 this section shall apply to taxable years beginning after
3 December 31, 2026.

4 **SEC. 6. COMMUTING EXPENSE DEDUCTION.**

5 (a) **IN GENERAL.**—Part VI of subchapter B of chap-
6 ter 1 of subtitle A is further amended by redesignating
7 section 225 as section 226 and inserting after section 224
8 the following new section:

9 **“SEC. 225. COMMUTING EXPENSES.**

10 “(a) **IN GENERAL.**—In the case of an eligible indi-
11 vidual, there shall be allowed as a deduction for the tax-
12 able year an amount equal to the qualified commuting ex-
13 penses of the individual for such taxable year.

14 “(b) **QUALIFIED COMMUTING EXPENSES.**—For pur-
15 poses of this section, the term ‘qualified commuting ex-
16 penses’ means the amounts paid or incurred by the indi-
17 vidual to use public transit to travel between such individ-
18 ual’s principal residence (as such term is used in section
19 121) and such individual’s place of work at which such
20 individual works not less than 20 hours per week (deter-
21 mined by averaging the number of hours worked at such
22 location during the taxable year over the number of weeks
23 such individual is employed by the same employer at the
24 same location during such taxable year).

1 “(c) ELIGIBLE INDIVIDUAL.—

2 “(1) IN GENERAL.—For purposes of this sec-
3 tion, the term ‘eligible individual’ means an indi-
4 vidual whose modified adjusted gross income does
5 not exceed—

6 “(A) \$250,000 in the case of a joint re-
7 turn, and

8 “(B) \$125,000 in the case of any other in-
9 dividual.

10 “(2) MODIFIED ADJUSTED GROSS INCOME.—

11 For purposes of this section, the term ‘modified ad-
12 justed gross income’ means adjusted gross income
13 increased by an amount excluded from gross income
14 under sections 911, 931, and 933.

15 “(d) REGULATIONS.—Not later than January 1,
16 2027, the Secretary shall issue such regulations or other
17 guidance as may be necessary or appropriate to carry out
18 the purposes of this section, including—

19 “(1) identifying qualified commuting expenses,
20 and

21 “(2) establishing a process to verify such ex-
22 penses incurred by individuals.”.

23 (b) DEDUCTION ALLOWED TO NON-ITEMIZERS.—

24 Section 63(b) is further amended by striking “and” at the
25 end of paragraph (5), by striking the period at the end

1 of paragraph (6) and inserting “, and”, and by adding
 2 at the end the following new paragraph:

3 “(7) the deduction provided in section 225.”.

4 (c) CLERICAL AMENDMENT.—The table of sections
 5 for part VI of subchapter B of chapter 1 of subtitle A
 6 is further amended by striking the item relating to section
 7 225 (as amended by section 5) and inserting the following
 8 new items:

“Sec. 225. Commuting expenses.

“Sec. 226. Cross reference.”.

9 (d) EFFECTIVE DATE.—The amendments made by
 10 this section shall apply to taxable years beginning after
 11 December 31, 2026.

12 **SEC. 7. TUTORING EXPENSES DEDUCTION.**

13 (a) IN GENERAL.—Part VI of subchapter B of chap-
 14 ter 1 of subtitle A is further amended by redesignating
 15 section 226 as section 227 and inserting after section 225
 16 the following new section:

17 **“SEC. 226. TUTORING EXPENSES.**

18 “(a) IN GENERAL.—In the case of an eligible indi-
 19 vidual, there shall be allowed as a deduction for the tax-
 20 able year an amount equal to so much of the qualified
 21 tutoring expenses of the individual for such taxable year
 22 as does not exceed \$2,500.

23 “(b) QUALIFIED TUTORING EXPENSES.—For pur-
 24 poses of this section—

1 “(1) IN GENERAL.—The term ‘qualified tutor-
2 ing expenses’ means the amounts paid or incurred
3 by the individual for tutoring services for a depend-
4 ent of the taxpayer who attends a public elementary
5 school or public secondary school (as defined in sec-
6 tion 8101 of the Elementary and Secondary Edu-
7 cation Act of 1965) eligible for funds under part A
8 of title I of the Elementary or Secondary Education
9 Act of 1965 or any charter school (as defined in sec-
10 tion 4310 of such Act).

11 “(2) TUTORING SERVICES.—The term ‘tutoring
12 services’ means direct tutoring of a student—

13 “(A) in a group of not more than 4 stu-
14 dents per instructor,

15 “(B) for the purpose of increasing aca-
16 demic achievement in reading, math, science,
17 writing and language arts, social studies, his-
18 tory, civics, or a foreign language,

19 “(C) through planned sessions of not less
20 than 1 hour and not more than 3 hours which
21 occur—

22 “(i) not less frequently than once per
23 week for 6 consecutive weeks, or

24 “(ii) not less frequently than once per
25 week for 9 weeks during a 1-year period,

1 consistent, one-on-one or small-group ses-
 2 sions.

3 “(c) REGULATIONS.—The Secretary shall issue such
 4 regulations or other guidance as may be necessary or ap-
 5 propriate to carry out the purposes of this section.”.

6 (b) DEDUCTION ALLOWED TO NON-ITEMIZERS.—
 7 Section 63(b) is further amended by striking “and” at the
 8 end of paragraph (5), by striking the period at the end
 9 of paragraph (6) and inserting “, and”, and by adding
 10 at the end the following new paragraph:

11 “(7) the deduction provided in section 226.”.

12 (c) CLERICAL AMENDMENT.—The table of sections
 13 for part VI of subchapter B of chapter 1 of subtitle A
 14 is further amended by striking the item relating to section
 15 226 (as added by section 6) and inserting the following
 16 new items:

“Sec. 226. Tutoring expenses.
 “Sec. 227. Cross reference.”.

17 (d) EFFECTIVE DATE.—The amendments made by
 18 this section shall apply to taxable years beginning after
 19 December 31, 2026.

20 **SEC. 8. EXCLUSION OF INTEREST PAYMENTS ON CREDIT**
 21 **CARD DEBT.**

22 (a) IN GENERAL.—Part VI of subchapter B of chap-
 23 ter 1 of subtitle A is further amended by redesignating

1 section 227 as section 228 and inserting after section 226
 2 the following new section:

3 **“SEC. 227. CREDIT CARD INTEREST PAYMENTS.**

4 “(a) IN GENERAL.—In the case of an individual,
 5 there shall be allowed as a deduction for the taxable year
 6 an amount equal to so much of the interest paid by the
 7 individual during the taxable year on an open-end credit
 8 plan involving a credit card as does not exceed \$2,500.

9 “(b) DEFINITIONS.—The terms ‘open end consumer
 10 credit plan’ and ‘credit card’ have the meaning given such
 11 terms in section 103 of the Truth in Lending Act.”.

12 (b) DEDUCTION ALLOWED TO NON-ITEMIZERS.—
 13 Section 63(b) is further amended by striking “and” at the
 14 end of paragraph (6), by striking the period at the end
 15 of paragraph (7) and inserting “, and”, and by adding
 16 at the end the following new paragraph:

17 “(8) the deduction provided in section 227.”.

18 (c) CLERICAL AMENDMENT.—The table of sections
 19 for part VI of subchapter B of chapter 1 of subtitle A
 20 is further amended by striking the item relating to section
 21 226 (as added by section 6) and inserting the following
 22 new items:

“Sec. 227. Credit card interest payments.

“Sec. 228. Cross reference.”.

1 (d) EFFECTIVE DATE.—The amendment made by
 2 this section shall apply to taxable years beginning after
 3 December 31, 2026.

4 **SEC. 9. RENT DEDUCTION FOR PRIMARY RESIDENCE.**

5 (a) IN GENERAL.—Part VI of subchapter B of chap-
 6 ter 1 of subtitle A is further amended by redesignating
 7 section 228 as section 229 and inserting after section 227
 8 the following new section:

9 **“SEC. 228. RENT.**

10 “(a) IN GENERAL.—In the case of an individual,
 11 there shall be allowed as a deduction for the taxable year
 12 an amount equal to the qualifying rent payments of such
 13 individual for the taxable year.

14 “(b) QUALIFYING RENT PAYMENTS.—For purposes
 15 of this section, the term ‘qualifying rent payments’ means
 16 amounts paid by the individual in rent for such individ-
 17 ual’s principal residence (as such term is used in section
 18 121).

19 “(c) INCOME PHASEOUT.—

20 “(1) IN GENERAL.—The amount of the deduc-
 21 tion determined under subsection (a) shall be re-
 22 duced (but not below zero) by an amount equal to
 23 1 percent for every \$500 (\$1,000 in the case of a
 24 joint return) or fraction thereof by which such indi-

1 vidual’s modified adjusted gross income exceeds the
2 applicable threshold.

3 “(2) APPLICABLE THRESHOLD.—For purposes
4 of this subsection, the term ‘applicable threshold’
5 means—

6 “(A) \$150,000 in the case of a joint re-
7 turn, or

8 “(B) \$75,000 in the case of any other indi-
9 vidual.

10 “(3) MODIFIED ADJUSTED GROSS INCOME.—
11 For purposes of this section, the term ‘modified ad-
12 justed gross income’ means adjusted gross income
13 increased by an amount excluded from gross income
14 under sections 911, 931, and 933.”.

15 (b) DEDUCTION ALLOWED TO NON-ITEMIZERS.—
16 Section 63(b) is further amended by striking “and” at the
17 end of paragraph (8), by striking the period at the end
18 of paragraph (9) and inserting “, and”, and by adding
19 at the end the following new paragraph:

20 “(10) the deduction provided in section 228.”.

21 (c) CLERICAL AMENDMENT.—The table of sections
22 for part VI of subchapter B of chapter 1 of subtitle A
23 is further amended by striking the item relating to section
24 228 (as added by section 8) and inserting the following
25 new items:

“Sec. 228.Rent.

“Sec. 229. Cross reference.”.

1 (d) EFFECTIVE DATE.—The amendment made by
2 this section shall apply to taxable years beginning after
3 December 31, 2026.

4 **SEC. 10. EXCLUSION OF DISCHARGE OF INDEBTEDNESS.**

5 (a) IN GENERAL.—Section 108(a)(1)(E) is amended
6 to read as follows:

7 “(E) the taxpayer is an individual.”.

8 (b) COORDINATION OF EXCLUSIONS.—Section
9 108(a)(2) is amended—

10 (1) by striking subparagraph (C),

11 (2) by redesignating subparagraphs (A) and
12 (B) as subparagraphs (B) and (C), respectively,

13 (3) by inserting before subparagraph (B) (as so
14 redesignated) the following new subparagraph:

15 “(A) INDIVIDUAL EXCLUSION TAKES PREC-
16 EDENCE.—Subparagraphs (A), (B), (C), and
17 (D) of paragraph (1) shall not apply to a dis-
18 charge to which subparagraph (E) of such
19 paragraph applies.”, and

20 (4) in subparagraph (A) (as so redesignated),
21 by inserting “over insolvency exclusion, qualified
22 farm exclusion, and qualified real property business
23 exclusion” after “precedence” in the heading.

24 (c) CONFORMING AMENDMENTS.—

1 (1) Section 108 is amended by striking sub-
2 sections (f) and (h).

3 (2) Section 163(h)(3)(F) is amended by strik-
4 ing clause (iv).

5 (d) EFFECTIVE DATE.—The amendments made by
6 this section shall apply to debt incurred after December
7 31, 2026.

8 **SEC. 11. INCREASE IN CAPITAL GAINS RATE.**

9 (a) IN GENERAL.—Section 1(h)(1)(D) is amended by
10 striking “20 percent” and inserting “25 percent”.

11 (b) EFFECTIVE DATE.—The amendment made by
12 this section shall apply to taxable years beginning Decem-
13 ber 31, 2026.

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