

119TH CONGRESS
1ST SESSION

H. R. 560

To amend the Internal Revenue Code of 1986 to exclude compensation from secondary employment for certain taxpayers from the income tax and payroll taxes.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 20, 2025

Mr. BACON 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 exclude compensation from secondary employment for certain taxpayers from the income tax and payroll taxes.

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.**

4 This Act may be cited as the “Second Job Tax Relief
5 Act of 2025”.

1 **SEC. 2. EXCLUSION OF COMPENSATION FOR CERTAIN SEC-**
 2 **ONDARY EMPLOYMENT FROM INCOME AND**
 3 **PAYROLL TAX.**

4 (a) IN GENERAL.—Part III of subchapter B of chap-
 5 ter 1 of the Internal Revenue Code of 1986 is amended
 6 by inserting after section 139I the following new section:

7 **“SEC. 139J. EARNED INCOME FROM ADDITIONAL EMPLOY-**
 8 **MENT.**

9 “(a) IN GENERAL.—In the case of a qualifying tax-
 10 payer, gross income shall not include secondary employ-
 11 ment compensation.

12 “(b) PHASE-OUT.—The amount of compensation ex-
 13 cluded from gross income under subsection (a) (deter-
 14 mined without regard to this subsection) shall be reduced
 15 (but not below zero) by the amount which bears the same
 16 ratio to the amount which is so excludable as—

17 “(1) the excess (if any) of—

18 “(A) the taxpayer’s modified adjusted
 19 gross income (as defined in section
 20 36(b)(2)(B)) for such taxable year, over

21 “(B) \$100,000 (\$150,000 in the case of a
 22 married couple filing jointly), bears to

23 “(2) \$50,000.

24 “(c) SECONDARY EMPLOYMENT COMPENSATION.—

25 “(1) IN GENERAL.—For purposes of this sec-
 26 tion, the term ‘secondary employment compensation’

1 means compensation received for employment during
 2 a taxable year with respect to which an individual
 3 has made an election under paragraph (2) for an
 4 employer other than the primary employer of such
 5 individual.

6 “(2) PRIMARY EMPLOYER.—

7 “(A) ELECTION.—A taxpayer may elect to
 8 designate, with respect to a taxable year, a pri-
 9 mary employer if such individual was com-
 10 pensated on an hourly basis for not less than
 11 2080 hours of work by such employer.

12 “(B) DEFINITION.—For purposes of this
 13 section, the term ‘primary employer’ means,
 14 with respect to a taxable year, an employer des-
 15 ignated by the taxpayer under subparagraph
 16 (A).

17 “(d) SUNSET.—Subsection (a) shall not apply to
 18 compensation earned in taxable years beginning after the
 19 date is that is 5 years after the date of the enactment
 20 of this section.”.

21 (b) APPLICATION TO EMPLOYMENT TAXES.—

22 (1) SOCIAL SECURITY TAXES.—

23 (A) IN GENERAL.—Section 3121(a) of
 24 such Code is amended by striking “or” at the
 25 end of paragraph (22), by striking the period at

1 the end of paragraph (23) and inserting “; or”,
 2 and by inserting after paragraph (23) the fol-
 3 lowing new paragraph:

4 “(24) any amount of compensation which is ex-
 5 cludable from gross income under section 139J.”.

6 (B) TRUST FUNDS HELD HARMLESS.—

7 There are hereby appropriated to the Federal
 8 Old-Age and Survivors Insurance Trust Fund,
 9 the Federal Disability Insurance Trust Fund,
 10 and the Federal Hospital Insurance Trust
 11 Fund amounts equivalent to the reduction in
 12 revenues to each such Trust Fund, respectively,
 13 by reason of the amendment made by subpara-
 14 graph (A) (determined without regard to this
 15 subparagraph). Amounts appropriated by the
 16 preceding sentence shall be transferred from the
 17 general fund at such times and in such manner
 18 as to replicate to the extent possible the trans-
 19 fers which would have occurred to such Trust
 20 Fund had this section not been enacted.

21 (2) UNEMPLOYMENT TAXES.—Section 3306(b)
 22 of such Code is amended by striking “or” at the end
 23 of paragraph (19), by striking the period at the end
 24 of paragraph (20) and inserting “; or”, and by in-

1 serting after paragraph (20) the following new para-
2 graph:

3 “(21) any amount of compensation which is ex-
4 cludable from gross income under section 139J.”.

5 (3) WAGE WITHHOLDING.—Section 3401(a) of
6 such Code is amended by striking “or” at the end
7 of paragraph (22), by striking the period at the end
8 of paragraph (23) and inserting “; or”, and by in-
9 serting after paragraph (23) the following new para-
10 graph:

11 “(24) any amount of compensation which is ex-
12 cludable from gross income under section 139J.”.

13 (c) CLERICAL AMENDMENT.—The table of sections
14 for part III of subchapter B of chapter 1 of such Code
15 is amended by inserting after the item relating to section
16 139I the following new item:

 “Sec. 139J. Earned income from additional employment.”.

17 (d) EFFECTIVE DATE.—The amendments made by
18 this section shall apply to amounts received after the date
19 of the enactment of this Act.

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