

119TH CONGRESS
2^D SESSION

H. R. 6999

To amend the Internal Revenue Code of 1986 to repeal the limitation on deductions for personal casualty losses and to provide for increased taxpayer relief with respect to theft losses involving fraud, deceit, or misrepresentation.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 9, 2026

Mr. MILLER of Ohio (for himself and Mr. SUOZZI) 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 repeal the limitation on deductions for personal casualty losses and to provide for increased taxpayer relief with respect to theft losses involving fraud, deceit, or misrepresentation.

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 “Tax Relief for Fraud
5 Victims Act”.

1 **SEC. 2. REPEAL OF LIMITATION ON DEDUCTIONS FOR PER-**
2 **SONAL CASUALTY LOSSES; INCREASED TAX-**
3 **PAYER RELIEF WITH RESPECT TO CERTAIN**
4 **THEFT LOSSES.**

5 (a) REPEAL OF LIMITATION ON DEDUCTIONS FOR
6 PERSONAL CASUALTY LOSSES.—Section 165(h) of the In-
7 ternal Revenue Code of 1986 is amended by striking para-
8 graph (5).

9 (b) CERTAIN THEFT LOSSES SUSTAINED DURING
10 TAXABLE YEAR OF CHOICE; EXTENSION OF PERIOD OF
11 LIMITATION FOR CREDIT OR REFUND CLAIMS FOR CER-
12 TAIN THEFT LOSSES.—

13 (1) CERTAIN THEFT LOSSES SUSTAINED DUR-
14 ING TAXABLE YEAR OF CHOICE.—Section 165(e) of
15 such Code is amended to read as follows:

16 “(e) THEFT LOSSES.—For purposes of subsection
17 (a)—

18 “(1) IN GENERAL.—Except as provided in para-
19 graph (2), any loss arising from theft shall be treat-
20 ed as sustained during the taxable year in which the
21 taxpayer discovers such loss.

22 “(2) THEFT LOSSES INVOLVING FRAUD, DE-
23 CEIT, OR MISREPRESENTATION.—In the case of any
24 loss arising from theft involving fraud, deceit, or
25 misrepresentation (as defined by the Secretary), the

1 taxpayer may elect to treat such loss as sustained
2 during the taxable year in which such loss occurs.”.

3 (2) EXTENSION OF PERIOD OF LIMITATION FOR
4 CREDIT OR REFUND CLAIMS FOR CERTAIN THEFT
5 LOSSES.—Section 165(h)(4) of such Code is amend-
6 ed by adding at the end the following new subpara-
7 graph:

8 “(F) PERIOD OF LIMITATION FOR CREDIT
9 OR REFUND CLAIMS FOR THEFT LOSSES IN-
10 VOLVING FRAUD, DECEIT, OR MISREPRESENTA-
11 TION.—In the case of a claim for credit or re-
12 fund with respect to a deduction allowed under
13 subsection (a) for any loss arising from theft in-
14 volving fraud, deceit, or misrepresentation—

15 “(i) the period of limitation prescribed
16 by section 6511(a) for the filing of such
17 claim shall be treated as not expiring ear-
18 lier than the date that is 1 year after the
19 date on which the taxpayer discovers such
20 loss, and

21 “(ii) section 6511(b)(2) shall not
22 apply with respect to the filing of such
23 claim.”.

24 (c) DISTRIBUTIONS RELATING TO THEFT LOSSES
25 INVOLVING FRAUD, DECEIT, OR MISREPRESENTATION.—

1 Section 72(t)(2) of such Code is amended by adding at
2 the end the following new subparagraph:

3 “(O) DISTRIBUTIONS RELATING TO THEFT
4 LOSSES INVOLVING FRAUD, DECEIT, OR MIS-
5 REPRESENTATION.—

6 “(i) IN GENERAL.—Any distribution
7 to the extent it relates to any loss arising
8 from theft involving fraud, deceit, or mis-
9 representation for which a deduction is al-
10 lowed under section 165(a).

11 “(ii) AMOUNT DISTRIBUTED MAY BE
12 REPAID.—Rules similar to the rules of sub-
13 paragraph (H)(v) shall apply with respect
14 to an individual who receives a distribution
15 to which clause (i) applies, except that sub-
16 paragraph (H)(v)(I) shall be applied by
17 substituting ‘1-year period beginning on
18 the day after the date on which the tax-
19 payer discovers the loss described in sub-
20 paragraph (O)(i)’ for ‘3-year period begin-
21 ning on the day after the date on which
22 such distribution was received’.

23 “(iii) PERIOD OF LIMITATION FOR
24 CREDIT OR REFUND CLAIMS.—In the case
25 of a claim for credit or refund of the tax

1 imposed by paragraph (1) with respect to
2 a distribution described in clause (i)—

3 “(I) the period of limitation pre-
4 scribed by section 6511(a) for the fil-
5 ing of such claim shall be treated as
6 not expiring earlier than the date that
7 is 1 year after the date on which the
8 taxpayer discovers the loss described
9 in clause (i), and

10 “(II) section 6511(b)(2) shall not
11 apply with respect to the filing of such
12 claim.”.

13 (d) CROSS REFERENCE.—Section 6511(i) of such
14 Code is amended by adding at the end the following new
15 paragraph:

16 “(8) For a period of limitations for credit or re-
17 fund in the case of theft losses involving fraud, de-
18 ceit, or misrepresentation, see sections
19 72(t)(2)(O)(iii) and 165(h)(4)(F).”.

20 (e) EFFECTIVE DATES.—

21 (1) IN GENERAL.—Except as provided in para-
22 graph (2), the amendments made by this section
23 shall apply to losses sustained in taxable years be-
24 ginning after December 31, 2025.

1 (2) DISTRIBUTIONS RELATING TO THEFT
2 LOSSES INVOLVING FRAUD, DECEIT, OR MISREPRE-
3 SENTATION.—The amendment made by subsection
4 (c) shall apply to distributions made after December
5 31, 2025.

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