

119TH CONGRESS
2D SESSION

H. R. 8803

To amend the Internal Revenue Code of 1986 to impose a windfall profits excise tax on crude oil and to rebate the tax collected back to individual taxpayers until the President declares that all hostilities with Iran have ceased, the Strait of Hormuz is fully reopened, and the price of oil drops below \$75 per barrel.

IN THE HOUSE OF REPRESENTATIVES

MAY 13, 2026

Mr. SHERMAN 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 impose a windfall profits excise tax on crude oil and to rebate the tax collected back to individual taxpayers until the President declares that all hostilities with Iran have ceased, the Strait of Hormuz is fully reopened, and the price of oil drops below \$75 per barrel.

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 “Iran War Oil Crisis
5 Windfall Profits Tax Act”.

1 **SEC. 2. WINDFALL PROFITS TAX.**

2 (a) IN GENERAL.—Subtitle E of the Internal Rev-
 3 enue Code of 1986 is amended by adding at the end there-
 4 of the following new chapter:

5 **“CHAPTER 56—WINDFALL PROFITS ON**
 6 **CRUDE OIL**

“Sec. 5896. Imposition of tax.

“Sec. 5897. Definitions and special rules.

7 **“SEC. 5896. IMPOSITION OF TAX.**

8 “(a) IN GENERAL.—In addition to any other tax im-
 9 posed under this title, in each applicable calendar quarter
 10 there is hereby imposed on any covered taxpayer an excise
 11 tax at the rate determined under subsection (c) on—

12 “(1) each barrel of taxable crude oil extracted
 13 by the taxpayer within the United States and re-
 14 moved from the property of such taxpayer during
 15 the calendar quarter, and

16 “(2) each barrel of taxable crude oil entered
 17 into the United States during the calendar quarter
 18 by the taxpayer for consumption, use, or
 19 warehousing.

20 “(b) APPLICABLE CALENDAR QUARTER.—For pur-
 21 poses of this section, the term ‘applicable calendar quar-
 22 ter’ means any calendar quarter beginning with the quar-
 23 ter which includes the date of the enactment of this chap-
 24 ter, and ending with the quarter in which—

1 “(1) all hostilities with Iran have ceased (as de-
2 clared by the President),

3 “(2) the Strait of Hormuz is fully reopened,
4 and

5 “(3) the price of oil per barrel falls below \$75
6 per the West Texas Intermediate.

7 “(c) RATE OF TAX.—

8 “(1) IN GENERAL.—The rate of tax imposed by
9 this section on any barrel of taxable crude oil for
10 any calendar quarter is the product of—

11 “(A) 100 percent, and

12 “(B) so much of the price of a barrel of
13 West Texas Intermediate oil over the covered
14 calendar quarter as exceeds \$75.

15 “(2) INFLATION ADJUSTMENT.—

16 “(A) IN GENERAL.—In the case of a cal-
17 endar quarter beginning in any taxable year be-
18 ginning after 2026, the amount determined
19 under paragraph (1)(B)(ii) shall be increased
20 by an amount equal to—

21 “(i) such dollar amount, multiplied by

22 “(ii) the cost-of-living adjustment de-
23 termined under section 1(f)(3) for the cal-
24 endar year in which the taxable year be-

1 gins, determined by substituting ‘2025’ for
2 ‘2016’ in subparagraph (A)(ii) thereof.

3 “(B) ROUNDING.—If any dollar amount,
4 after being increased under subparagraph (A),
5 is not a multiple of \$0.50, such dollar amount
6 shall be rounded to the next lowest multiple of
7 \$0.01.

8 “(d) FRACTIONAL PART OF BARREL.—In the case of
9 a fraction of a barrel, the tax imposed by subsection (a)
10 shall be the same fraction of the amount of such tax im-
11 posed on the whole barrel.

12 **“SEC. 5897. DEFINITIONS AND SPECIAL RULES.**

13 “(a) DEFINITIONS.—For purposes of this chapter—

14 “(1) COVERED TAXPAYER.—

15 “(A) IN GENERAL.—The term ‘covered
16 taxpayer’ means, with respect to any calendar
17 quarter, any taxpayer if—

18 “(i) the average daily number of bar-
19 rels of taxable crude oil extracted and im-
20 ported by the taxpayer for calendar year
21 2025 exceeded 100,000 barrels, or

22 “(ii) the average daily number of bar-
23 rels of taxable crude oil extracted and im-
24 ported by the taxpayer for the calendar
25 quarter exceeds 100,000.

1 “(B) AGGREGATION RULES.—All persons
2 treated as a single employer under subsection
3 (a) or (b) of section 52 or subsection (m) or (o)
4 of section 414 shall be treated as one person for
5 purposes of paragraph (1).

6 “(2) TAXABLE CRUDE OIL.—The term ‘taxable
7 crude oil’ includes crude oil, crude oil condensates,
8 natural gasoline, gasoline, and diesel.

9 “(3) BARREL.—The term ‘barrel’ means 42
10 United States gallons.

11 “(4) UNITED STATES.—The term ‘United
12 States’ has the same meaning given such term under
13 section 4612.

14 “(b) WITHHOLDING AND DEPOSIT OF TAX.—The
15 Secretary shall provide such rules as are necessary for the
16 withholding and deposit of the tax imposed under section
17 5896 on any taxable crude oil.

18 “(c) RECORDS AND INFORMATION.—Each taxpayer
19 liable for tax under section 5896 shall keep such records,
20 make such returns, and furnish such information (to the
21 Secretary and to other persons having an interest in the
22 taxable crude oil) with respect to such oil as the Secretary
23 may by regulations prescribe.

1 “(d) RETURN OF WINDFALL PROFIT TAX.—The Sec-
 2 retary shall provide for the filing and the time of such
 3 filing of the return of the tax imposed under section 5896.

4 “(e) REGULATIONS.—Not later than 90 days after
 5 the date of the enactment of this section, the Secretary
 6 shall prescribe such regulations as may be necessary or
 7 appropriate to carry out the purposes of this chapter.”.

8 (b) CLERICAL AMENDMENT.—The table of chapters
 9 for subtitle E of the Internal Revenue Code of 1986 is
 10 amended by adding at the end the following new item:

“CHAPTER 56. WINDFALL PROFIT ON CRUDE OIL.”.

11 (c) EFFECTIVE DATE.—The amendments made by
 12 this section shall apply to crude oil removed or entered
 13 after the date of the enactment of this Act, in calendar
 14 quarters ending after such date.

15 **SEC. 3. GASOLINE PRICE REBATES.**

16 (a) IN GENERAL.—Subchapter B of chapter 65 of the
 17 Internal Revenue Code of 1986 is amended by adding at
 18 the end the following new section:

19 **“SEC. 6436. GASOLINE PRICE REBATES.**

20 “(a) IN GENERAL.—In the case of an eligible indi-
 21 vidual, there shall be allowed as a credit against the tax
 22 imposed by subtitle A for each taxable year beginning
 23 after December 31, 2025, an amount equal to the sum
 24 of the gasoline price rebate amount for calendar quarters
 25 beginning in such taxable year.

1 “(b) GASOLINE PRICE REBATE AMOUNT.—The term
 2 ‘gasoline price rebate amount’ means, with respect to any
 3 taxpayer for any calendar quarter beginning in a taxable
 4 year, an amount determined by the Secretary not later
 5 than 30 days after the end of such calendar quarter taking
 6 into account the number of eligible individuals and the
 7 amount of revenues in the Iran War Gasoline Price Relief
 8 Fund resulting from the tax imposed by section 5896 for
 9 the preceding calendar quarter.

10 “(c) ELIGIBLE INDIVIDUAL.—For purposes of this
 11 section, the term ‘eligible individual’ means any individual
 12 other than—

13 “(1) any nonresident alien individual,

14 “(2) any individual who is a dependent of an-
 15 other taxpayer for a taxable year beginning in the
 16 calendar year in which the individual’s taxable year
 17 begins, and

18 “(3) an estate or trust.

19 “(d) DEFINITIONS AND SPECIAL RULES.—

20 “(1) DEPENDENT DEFINED.—For purposes of
 21 this section, the term ‘dependent’ has the meaning
 22 given such term by section 152.

23 “(2) CREDIT TREATED AS REFUNDABLE.—The
 24 credit allowed by subsection (a) shall be treated as

1 allowed by subpart C of part IV of subchapter A of
2 chapter 1.

3 “(e) REGULATIONS.—Not later than 90 days after
4 the date of the enactment of this section, the Secretary
5 shall prescribe such regulations or other guidance as may
6 be necessary or appropriate to carry out the purposes of
7 this section.

8 “(f) OUTREACH.—Not later than 30 days after the
9 date of the enactment of this section, the Secretary shall
10 carry out a robust and comprehensive outreach program
11 to ensure that all taxpayers learn of their eligibility for
12 the credits allowed under this section and are provided as-
13 sistance in claiming such credits.”.

14 (b) TREATMENT OF CERTAIN POSSESSIONS.—

15 (1) PAYMENTS TO POSSESSIONS WITH MIRROR
16 CODE TAX SYSTEMS.—The Secretary of the Treas-
17 ury shall pay to each possession of the United States
18 which has a mirror code tax system amounts equal
19 to the loss (if any) to that possession by reason of
20 the amendments made by this section. Such
21 amounts shall be determined by the Secretary of the
22 Treasury based on information provided by the gov-
23 ernment of the respective possession.

24 (2) PAYMENTS TO OTHER POSSESSIONS.—The
25 Secretary of the Treasury shall pay to each posses-

1 sion of the United States which does not have a mir-
2 ror code tax system amounts estimated by the Sec-
3 retary of the Treasury as being equal to the aggre-
4 gate benefits (if any) that would have been provided
5 to residents of such possession by reason of the
6 amendments made by this section if a mirror code
7 tax system had been in effect in such possession.
8 The preceding sentence shall not apply unless the re-
9 spective possession has a plan, which has been ap-
10 proved by the Secretary of the Treasury, under
11 which such possession will promptly distribute such
12 payments to its residents.

13 (3) INCLUSION OF ADMINISTRATIVE EX-
14 PENSES.—The Secretary of the Treasury shall pay
15 to each possession of the United States to which the
16 Secretary makes a payment under paragraph (1) or
17 (2) an amount equal to the increase (if any) of the
18 administrative expenses of such possession—

19 (A) in the case of a possession described in
20 paragraph (1), by reason of the amendments
21 made by this section, and

22 (B) in the case of a possession described in
23 paragraph (2), by reason of carrying out the
24 plan described in such paragraph, or

1 the amount described in subparagraph (A) shall be
2 determined by the Secretary of the Treasury based
3 on information provided by the government of the
4 respective possession.

5 (4) COORDINATION WITH CREDIT ALLOWED
6 AGAINST UNITED STATES INCOME TAXES.—No cred-
7 it shall be allowed against United States income
8 taxes under section 6434 of the Internal Revenue
9 Code of 1986 (as added by this section) to any per-
10 son—

11 (A) to whom a credit is allowed against
12 taxes imposed by the possession by reason of
13 the amendments made by this section, or

14 (B) who is eligible for a payment under a
15 plan described in paragraph (2).

16 (5) MIRROR CODE TAX SYSTEM.—For purposes
17 of this subsection, the term “mirror code tax sys-
18 tem” means, with respect to any possession of the
19 United States, the income tax system of such posses-
20 sion if the income tax liability of the residents of
21 such possession under such system is determined by
22 reference to the income tax laws of the United
23 States as if such possession were the United States.

24 (6) TREATMENT OF PAYMENTS.—For purposes
25 of section 1324 of title 31, United States Code, the

1 payments under this subsection shall be treated in
2 the same manner as a refund due from a credit pro-
3 vision referred to in subsection (b)(2) of such sec-
4 tion.

5 (7) SECRETARY OF THE TREASURY.—For pur-
6 poses of this subsection, the term “Secretary of the
7 Treasury” includes the Secretary’s delegate.

8 (c) ADMINISTRATIVE PROVISIONS.—

9 (1) DEFINITION OF DEFICIENCY.—Section
10 6211(b)(4)(A) of the Internal Revenue Code of 1986
11 is amended by striking “and 6433” and inserting
12 “6433, and 6434,”.

13 (2) CONFORMING AMENDMENTS.—

14 (A) Paragraph (2) of section 1324(b) of
15 title 31, United States Code, is amended by in-
16 serting “6434,” after “6433,”.

17 (B) The table of sections for subchapter B
18 of chapter 65 of the Internal Revenue Code of
19 1986 is amended by adding at the end the fol-
20 lowing new item:

 “Sec. 6436. Gasoline price rebates.”.

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

1 **SEC. 4. IRAN WAR GASOLINE PRICE RELIEF FUND.**

2 (a) IN GENERAL.—Subchapter A of chapter 98 of the
3 Internal Revenue Code of 1986 is amended by adding at
4 the end the following new section:

5 **“SEC. 9512. IRAN WAR GASOLINE PRICE RELIEF FUND.**

6 “(a) ESTABLISHMENT AND FUNDING.—There is
7 hereby established in the Treasury of the United States
8 a trust fund to be referred to as the ‘Iran War Gasoline
9 Price Relief Fund’, consisting of such amounts as may be
10 appropriated or credited to such trust fund as provided
11 for in this section and section 9602(b).

12 “(b) TRANSFERS TO THE IRAN WAR GASOLINE
13 PRICE RELIEF FUND.—There are hereby appropriated to
14 the Iran War Gasoline Price Relief Fund amounts equiv-
15 alent to the taxes received in the Treasury under section
16 5896.

17 “(c) USE OF FUNDS.—The Secretary shall pay from
18 time to time from the Iran War Gasoline Price Relief
19 Fund to the general fund of the Treasury amounts equal
20 to the amounts of refunds provided under section 6436.”.

21 (b) CLERICAL AMENDMENT.—The table of sections
22 for subchapter A of chapter 98 of such Code is amended
23 by adding at the end the following new item:

“Sec. 9512. Iran War Gasoline Price Relief Fund.”.

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

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