

119TH CONGRESS
1ST SESSION

S. 1372

To amend the Internal Revenue Code of 1986 to expand, and make permanent certain modifications of, the earned income credit.

IN THE SENATE OF THE UNITED STATES

APRIL 9, 2025

Ms. CORTEZ MASTO (for herself, Mr. BENNET, Ms. ALSOBROOKS, Ms. BALDWIN, Mr. BLUMENTHAL, Ms. BLUNT ROCHESTER, Mr. BOOKER, Ms. CANTWELL, Mr. COONS, Ms. DUCKWORTH, Mr. DURBIN, Mr. FETTERMAN, Mr. GALLEGO, Mrs. GILLIBRAND, Mr. HEINRICH, Mr. HICKENLOOPER, Ms. HIRONO, Mr. KAINE, Mr. KELLY, Mr. KIM, Mr. KING, Ms. KLOBUCHAR, Mr. LUJÁN, Mr. MARKEY, Mr. MERKLEY, Mr. MURPHY, Mrs. MURRAY, Mr. PADILLA, Mr. PETERS, Mr. REED, Ms. ROSEN, Mr. SANDERS, Mr. SCHATZ, Mr. SCHIFF, Mr. SCHUMER, Mrs. SHAHEEN, Ms. SLOTKIN, Ms. SMITH, Mr. VAN HOLLEN, Mr. WARNER, Mr. WARNOCK, Ms. WARREN, Mr. WELCH, Mr. WHITEHOUSE, and Mr. WYDEN) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to expand, and make permanent certain modifications of, the earned income credit.

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 Cut for Workers
5 Act of 2025”.

1 **SEC. 2. PERMANENT EXTENSION OF EARNED INCOME**
 2 **CREDIT RULES FOR INDIVIDUALS WITHOUT**
 3 **QUALIFYING CHILDREN.**

4 (a) DECREASE IN MINIMUM AGE FOR CREDIT.—

5 (1) IN GENERAL.—Subclause (II) of section
 6 32(c)(1)(A)(ii) of the Internal Revenue Code of
 7 1986 is amended by striking “age 25” and inserting
 8 “the applicable minimum age”.

9 (2) APPLICABLE MINIMUM AGE.—Paragraph
 10 (1) of section 32(c) of such Code is amended by add-
 11 ing at the end the following new subparagraph:

12 “(F) APPLICABLE MINIMUM AGE.—For
 13 purposes of this paragraph—

14 “(i) IN GENERAL.—The term ‘applica-
 15 ble minimum age’ means—

16 “(I) except as otherwise provided
 17 in this clause, age 19,

18 “(II) in the case of a student (as
 19 defined in section 152(f)(2)), other
 20 than a qualified former foster youth
 21 or a qualified homeless youth, age 24,
 22 and

23 “(III) in the case of a qualified
 24 former foster youth or a qualified
 25 homeless youth, age 18.

“(ii) QUALIFIED FORMER FOSTER
YOUTH.—For purposes of this subpara-
graph, the term ‘qualified former foster
youth’ means an individual who—

“(I) on or after the date that
such individual attained age 14, was
in foster care provided under the su-
pervision or administration of an enti-
ty administering (or eligible to admin-
ister) a plan under part B or part E
of title IV of the Social Security Act
(without regard to whether Federal
assistance was provided with respect
to such child under such part E), and

“(II) provides (in such manner
as the Secretary may provide) consent
for entities which administer a plan
under part B or part E of title IV of
the Social Security Act to disclose to
the Secretary information related to
the status of such individual as a
qualified former foster youth.

“(iii) QUALIFIED HOMELESS
YOUTH.—For purposes of this subpara-
graph, the term ‘qualified homeless youth’

means, with respect to any taxable year,
 an individual who certifies, in a manner as
 provided by the Secretary, that such indi-
 vidual is either an unaccompanied youth
 who is a homeless child or youth, or is un-
 accompanied, at risk of homelessness, and
 self-supporting.”.

(b) ELIMINATION OF MAXIMUM AGE FOR CREDIT.—
 Subclause (II) of section 32(c)(1)(A)(ii) of the Internal
 Revenue Code of 1986 is amended by striking “but not
 attained age 65”.

(c) INCREASE IN CREDIT AND PHASEOUT PERCENT-
 AGES.—The table contained in paragraph (1) of section
 32(b) of the Internal Revenue Code of 1986 is amended
 by striking “7.65” each place it appears and inserting
 “15.3”.

(d) INCREASE IN EARNED INCOME AND PHASEOUT
 AMOUNTS.—The table contained in subparagraph (A) of
 section 32(b)(2) of the Internal Revenue Code of 1986 is
 amended—

(1) by striking “\$4,220” and inserting
 “\$9,820”, and

(2) by striking “\$5,280” and inserting
 “\$11,610”.

(e) INFLATION ADJUSTMENTS.—

1 (1) IN GENERAL.—Paragraph (1) of section
 2 32(j) of the Internal Revenue Code of 1986 is
 3 amended to read as follows:

4 “(1) IN GENERAL.—In the case of any taxable
 5 year beginning after—

6 “(A) 2021, in the case of the dollar
 7 amount in subsection (i)(1),

8 “(B) 2026, in the case of the dollar
 9 amounts in the third row of the table in sub-
 10 section (b)(2)(A), and

11 “(C) 2015, in any other case,
 12 each of the dollar amounts in subsections (b)(2) and
 13 (i)(1) shall be increased by an amount equal to the
 14 inflation amount.”.

15 (2) INFLATION AMOUNT.—Subsection (j) of sec-
 16 tion 32 of such Code is amended by adding at the
 17 end the following new paragraph:

18 “(3) INFLATION AMOUNT.—For purposes of
 19 paragraph (1), the inflation amount with respect to
 20 any dollar amount for any taxable year is the
 21 amount equal to—

22 “(A) such dollar amount, multiplied by

23 “(B) the percentage (if any) by which—

24 “(i) the CPI (as defined in section
 25 1(f)(4)) for the calendar year preceding

1 the year in which the taxable year begins,
 2 exceeds

3 “(ii) the CPI (as so defined) for—

4 “(I) in the case of amounts in
 5 the third row of the table in sub-
 6 section (b)(2)(A), 2025,

7 “(II) in the case of any other
 8 amount in subsection (b)(2)(A), 1995,

9 “(III) in the case of the \$5,000
 10 amount in subsection (b)(2)(B), 2008,
 11 and

12 “(IV) in the case of the \$10,000
 13 amount in subsection (i)(1), 2020.”.

14 (f) CONFORMING AMENDMENT.—Section 32 of the
 15 Internal Revenue Code of 1986 is amended by striking
 16 subsection (n).

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

20 **SEC. 3. APPLICATION OF EARNED INCOME CREDIT TO POS-**
 21 **SESSIONS OF THE UNITED STATES.**

22 (a) PUERTO RICO.—Subparagraph (B) of section
 23 7530(a)(1) of the Internal Revenue Code of 1986 is
 24 amended by striking “in the case of calendar years 2021
 25 through 2025,”.

1 (b) POSSESSIONS WITH MIRROR CODE TAX SYS-
 2 TEMS.—Subparagraph (B) of section 7530(b)(1) of the
 3 Internal Revenue Code of 1986 is amended by striking “in
 4 the case of calendar years 2021 through 2025,”.

5 (c) AMERICAN SAMOA.—Subparagraph (B) of section
 6 7530(c)(1) of the Internal Revenue Code of 1986 is
 7 amended by striking “in the case of calendar years 2021
 8 through 2025,”.

9 **SEC. 4. ELECTION TO USE PRIOR YEAR EARNED INCOME.**

10 (a) IN GENERAL.—Paragraph (2) of section 32(c) of
 11 the Internal Revenue Code of 1986 is amended by adding
 12 at the end the following new subparagraph:

13 “(C) ELECTION TO USE PRIOR YEAR
 14 EARNED INCOME.—

15 “(i) IN GENERAL.—If the earned in-
 16 come of the taxpayer for any taxable year
 17 is less than the earned income of the tax-
 18 payer for the preceding taxable year, the
 19 credit allowed under subsection (a) may, at
 20 the election of the taxpayer, be determined
 21 by substituting—

22 “(I) such earned income for such
 23 preceding taxable year, for

1 “(II) such earned income for the
2 taxable year for which such credit is
3 being determined.

4 “(ii) APPLICATION TO JOINT RE-
5 TURNS.—For purposes of clause (i), in the
6 case of a joint return, the earned income
7 of the taxpayer for the preceding taxable
8 year shall be the sum of the earned income
9 of each spouse for such taxable year.

10 “(iii) SPECIAL RULES.—

11 “(I) ERRORS TREATED AS MATH-
12 EMATICAL ERRORS.—For purposes of
13 section 6213, an incorrect use on a re-
14 turn of earned income pursuant to
15 clause (i) shall be treated as a mathe-
16 matical or clerical error.

17 “(II) NO EFFECT ON DETER-
18 MINATION OF GROSS INCOME, ETC.—
19 Except as otherwise provided in this
20 subparagraph, this title shall be ap-
21 plied without regard to any substi-
22 tution under clause (i).”.

1 (b) EFFECTIVE DATE.—The amendment made by
2 subsection (a) shall apply to taxable years beginning after
3 December 31, 2025.

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