

113TH CONGRESS  
2D SESSION

# H. R. 5637

To amend the Internal Revenue Code of 1986 to provide an exclusion from gross income for discharge of consumer indebtedness.

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## IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 18, 2014

Mr. PETERS of California (for himself and Mr. VARGAS) introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to provide an exclusion from gross income for discharge of consumer indebtedness.

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 “Consumer Debt For-  
5 giveness Tax Relief Act of 2014”.

6 **SEC. 2. EXCLUSION FROM GROSS INCOME FOR DISCHARGE**  
7 **OF CONSUMER INDEBTEDNESS.**

8 (a) IN GENERAL.—Paragraph (1) of section 108(a)  
9 of the Internal Revenue Code of 1986 is amended by strik-  
10 ing “or” at the end of subparagraph (D), by striking the

1 period at the end of subparagraph (E) and inserting “,  
2 or”, and by adding at the end the following:

3 “(F) the indebtedness discharged is quali-  
4 fied consumer indebtedness.”.

5 (b) SPECIAL RULES RELATING TO QUALIFIED CON-  
6 SUMER INDEBTEDNESS.—Section 108 of the Internal  
7 Revenue Code of 1986 is amended by adding at the end  
8 the following:

9 “(j) SPECIAL RULES RELATING TO QUALIFIED CON-  
10 SUMER INDEBTEDNESS.—

11 “(1) QUALIFIED CONSUMER INDEBTEDNESS  
12 DEFINED.—For purposes of this section, the term  
13 ‘qualified consumer indebtedness’ means any indebt-  
14 edness of a natural person arising out of a trans-  
15 action in which the money, property, or services  
16 which are the subject of the transaction are pri-  
17 marily for personal, family, or household purposes.

18 “(2) OVERALL LIMITATION.—The aggregate  
19 amount of discharged indebtedness treated as quali-  
20 fied consumer indebtedness for the taxable year shall  
21 not exceed the excess (if any) of—

22 “(A) \$2,500, over

23 “(B) the aggregate amounts treated as  
24 qualified consumer indebtedness with respect to  
25 such taxpayer for all prior taxable years.”.

1       (c) EFFECTIVE DATE.—The amendments made by  
2 this section shall apply to indebtedness discharged after  
3 the date of the enactment of this Act.

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