

118TH CONGRESS
1ST SESSION

S. 1226

To amend the Internal Revenue Code of 1986 to make permanent the individual tax provisions of the tax reform law, and for other purposes.

IN THE SENATE OF THE UNITED STATES

APRIL 20, 2023

Mr. CRUZ (for himself and Mr. BRAUN) 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 make permanent the individual tax provisions of the tax reform law, and for other purposes.

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. PERMANENT MODIFICATION OF INDIVIDUAL**
4 **RATE BRACKETS.**

5 (a) MARRIED INDIVIDUALS FILING JOINT RETURNS
6 AND SURVIVING SPOUSES.—The table contained in sub-
7 section (a) of section 1 of the Internal Revenue Code of
8 1986 is amended to read as follows:

“If taxable income is:**The tax is:**

Not over \$19,050	10% of taxable income.
Over \$19,050 but not over \$77,400	\$1,905, plus 12% of the excess over \$19,050.
Over \$77,400 but not over \$165,000	\$8,907, plus 22% of the excess over \$77,400.
Over \$165,000 but not over \$315,000	\$28,179, plus 24% of the excess over \$165,000.
Over \$315,000 but not over \$400,000	\$64,179, plus 32% of the excess over \$315,000.
Over \$400,000 but not over \$600,000	\$91,379, plus 35% of the excess over \$400,000.
Over \$600,000	\$161,379, plus 37% of the excess over \$600,000.”.

1 (b) HEADS OF HOUSEHOLDS.—The table contained
2 in subsection (b) of section 1 of the Internal Revenue Code
3 of 1986 is amended to read as follows:

“If taxable income is:**The tax is:**

Not over \$13,600	10% of taxable income.
Over \$13,600 but not over \$51,800	\$1,360, plus 12% of the excess over \$13,600.
Over \$51,800 but not over \$82,500	\$5,944, plus 22% of the excess over \$51,800.
Over \$82,500 but not over \$157,500	\$12,698, plus 24% of the excess over \$82,500.
Over \$157,500 but not over \$200,000	\$30,698, plus 32% of the excess over \$157,500.
Over \$200,000 but not over \$500,000	\$44,298, plus 35% of the excess over \$200,000.
Over \$500,000	\$149,298, plus 37% of the excess over \$500,000.”.

4 (c) UNMARRIED INDIVIDUALS OTHER THAN SUR-
5 VIVING SPOUSES AND HEADS OF HOUSEHOLDS.—The
6 table contained in subsection (c) of section 1 of the Inter-
7 nal Revenue Code of 1986 is amended to read as follows:

“If taxable income is:**The tax is:**

Not over \$9,525	10% of taxable income.
Over \$9,525 but not over \$38,700	\$952.50, plus 12% of the excess over \$9,525.

“If taxable income is:	The tax is:
Over \$38,700 but not over \$82,500	\$4,453.50, plus 22% of the excess over \$38,700.
Over \$82,500 but not over \$157,500	\$14,089.50, plus 24% of the excess over \$82,500.
Over \$157,500 but not over \$200,000	\$32,089.50, plus 32% of the excess over \$157,500.
Over \$200,000 but not over \$500,000	\$45,689.50, plus 35% of the excess over \$200,000.
Over \$500,000	\$150,689.50, plus 37% of the excess over \$500,000.”.

1 (d) MARRIED INDIVIDUALS FILING SEPARATE RE-
2 TURNS.—The table contained in subsection (d) of section
3 1 of the Internal Revenue Code of 1986 is amended to
4 read as follows:

“If taxable income is:	The tax is:
Not over \$9,525	10% of taxable income.
Over \$9,525 but not over \$38,700	\$952.50, plus 12% of the excess over \$9,525.
Over \$38,700 but not over \$82,500	\$4,453.50, plus 22% of the excess over \$38,700.
Over \$82,500 but not over \$157,500	\$14,089.50, plus 24% of the excess over \$82,500.
Over \$157,500 but not over \$200,000	\$32,089.50, plus 32% of the excess over \$157,500.
Over \$200,000 but not over \$300,000	\$45,689.50, plus 35% of the excess over \$200,000.
Over \$300,000	\$80,689.50, plus 37% of the excess over \$300,000.”.

5 (e) ESTATES AND TRUSTS.—The table contained in
6 subsection (e) of section 1 of the Internal Revenue Code
7 of 1986 is amended to read as follows:

“If taxable income is:	The tax is:
Not over \$2,550	10% of taxable income.
Over \$2,550 but not over \$9,150	\$255, plus 24% of the excess over \$2,550.
Over \$9,150 but not over \$12,500	\$1,839, plus 35% of the excess over \$9,150.
Over \$12,500	\$3,011.50, plus 37% of the excess over \$12,500.”.

1 (f) ADJUSTMENT FOR INFLATION.—Subsection (f) of
2 section 1 of the Internal Revenue Code of 1986 is amend-
3 ed—

4 (1) by striking “1993” in paragraph (1) and in-
5 serting “2018”,

6 (2) by striking “determined—” and all that fol-
7 lows in paragraph (2)(A) and inserting “determined
8 by substituting ‘2017’ for ‘2016’ in paragraph
9 (3)(A)(ii),”,

10 (3) by striking “a married individual filing a
11 separate return” in paragraph (7)(B) and inserting
12 “any unmarried individual other than a surviving
13 spouse or head of household”,

14 (4) by striking “MARRIED INDIVIDUALS FILING
15 SEPARATELY” in the heading of subparagraph (B) of
16 paragraph (7) and inserting “CERTAIN UNMARRIED
17 INDIVIDUALS”, and

18 (5) by striking paragraph (8).

19 (g) CAPITAL GAINS BRACKETS.—Subsection (h) of
20 section 1 of the Internal Revenue Code of 1986 is amend-
21 ed—

22 (1) by striking “which would (without regard to
23 this paragraph) be taxed at a rate below 25 percent”
24 in paragraph (1)(B)(i) and inserting “below the
25 maximum zero rate amount”,

1 (2) by striking “which would (without regard to
2 this paragraph) be taxed at a rate below 39.6 per-
3 cent” in paragraph (1)(C)(ii)(I) and inserting
4 “below the maximum 15-percent rate amount”, and

5 (3) by adding at the end the following new
6 paragraph:

7 “(12) MAXIMUM AMOUNTS DEFINED.—For pur-
8 poses of this subsection—

9 “(A) MAXIMUM ZERO RATE AMOUNT.—The
10 maximum zero rate amount shall be—

11 “(i) in the case of a joint return or
12 surviving spouse, \$77,200,

13 “(ii) in the case of an individual who
14 is a head of household (as defined in sec-
15 tion 2(b)), \$51,700,

16 “(iii) in the case of any other indi-
17 vidual (other than an estate or trust), an
18 amount equal to $\frac{1}{2}$ of the amount in effect
19 for the taxable year under clause (i), and

20 “(iv) in the case of an estate or trust,
21 \$2,600.

22 “(B) MAXIMUM 15-PERCENT RATE
23 AMOUNT.—The maximum 15-percent rate
24 amount shall be—

1 “(i) in the case of a joint return or
2 surviving spouse, \$479,000 (1/2 such
3 amount in the case of a married individual
4 filing a separate return),

5 “(ii) in the case of an individual who
6 is the head of a household (as defined in
7 section 2(b)), \$452,400,

8 “(iii) in the case of any other indi-
9 vidual (other than an estate or trust),
10 \$425,800, and

11 “(iv) in the case of an estate or trust,
12 \$12,700.

13 “(C) INFLATION ADJUSTMENT.—In the
14 case of any taxable year beginning after 2018,
15 each of the dollar amounts in subparagraphs
16 (A) and (B) shall be increased by an amount
17 equal to—

18 “(i) such dollar amount, multiplied by

19 “(ii) the cost-of-living adjustment de-
20 termined under subsection (f)(3) for the
21 calendar year in which the taxable year be-
22 gins, determined by substituting ‘calendar
23 year 2017’ for ‘calendar year 2016’ in sub-
24 paragraph (A)(ii) thereof.

1 If any increase under this subparagraph is not
2 a multiple of \$50, such increase shall be round-
3 ed to the next lowest multiple of \$50.”.

4 (h) CONFORMING AMENDMENTS.—

5 (1) Section 1 of the Internal Revenue Code of
6 1986 is amended by striking subsections (i) and (j).

7 (2) Section 3402(q)(1) of such Code is amend-
8 ed by striking “third lowest” and inserting “fourth
9 lowest”.

10 (i) SECTION 15 NOT TO APPLY.—Section 15 of the
11 Internal Revenue Code of 1986 shall not apply to any
12 change in a rate of tax by reason of this section.

13 (j) EFFECTIVE DATE.—The amendments made by
14 this section shall apply to taxable years beginning after
15 December 31, 2022.

16 **SEC. 2. PERMANENT EXTENSION OF DEDUCTION FOR**
17 **QUALIFIED BUSINESS INCOME OF PASS-THRU**
18 **ENTITIES.**

19 (a) IN GENERAL.—Section 199A of the Internal Rev-
20 enue Code of 1986 is amended by striking subsection (i).

21 (b) EFFECTIVE DATE.—The amendment made by
22 this section shall apply to taxable years beginning after
23 December 31, 2022.

1 **SEC. 3. PERMANENT EXTENSION OF LIMITATION ON**
2 **LOSSES FOR TAXPAYERS OTHER THAN COR-**
3 **PORATIONS.**

4 (a) **IN GENERAL.**—Paragraph (1) of section 461(l)
5 of the Internal Revenue Code of 1986 is amended to read
6 as follows:

7 “(1) **LIMITATION.**—In the case of taxable year
8 of a taxpayer other than a corporation, any excess
9 business loss of the taxpayer for the taxable year
10 shall not be allowed.”.

11 (b) **CONFORMING AMENDMENT.**—Section 461 of the
12 Internal Revenue Code of 1986 is amended by striking
13 subsection (j) (relating to limitation on excess farm losses
14 of certain taxpayers).

15 (c) **EFFECTIVE DATE.**—The amendments made by
16 this section shall apply to taxable years beginning after
17 December 31, 2022.

18 **SEC. 4. PERMANENT EXTENSION OF INCREASE IN STAND-**
19 **ARD DEDUCTION.**

20 (a) **IN GENERAL.**—Section 63(c)(2) of the Internal
21 Revenue Code of 1986 is amended—

22 (1) by striking “\$4,400” in subparagraph (B)
23 and inserting “\$18,800”, and

24 (2) by striking “\$3,000” in subparagraph (C)
25 and inserting “\$12,000”.

1 (b) INFLATION ADJUSTMENT.—Paragraph (4) of sec-
2 tion 63(c) of the Internal Revenue Code of 1986 is amend-
3 ed to read as follows:

4 “(4) ADJUSTMENTS FOR INFLATION.—

5 “(A) IN GENERAL.—In the case of any
6 taxable year beginning in a calendar year after
7 2018, the \$18,000 and \$12,000 amounts in
8 paragraph (2) shall each be increased by an
9 amount equal to—

10 “(i) such dollar amount, multiplied by

11 “(ii) the cost-of-living adjustment de-
12 termined under section 1(f)(3) for the cal-
13 endar year in which the taxable year be-
14 gins, by substituting ‘2017’ for ‘2016’ in
15 subparagraph (A)(ii) thereof.

16 “(B) CERTAIN AMOUNTS.—In the case of
17 any taxable year beginning in a calendar year
18 after 1988, each dollar amount contained in
19 paragraph (5) or subsection (f) shall be in-
20 creased 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, by substituting for ‘calendar year
2 2016’ in subparagraph (A)(ii) thereof—

3 “(I) ‘calendar year 1987’ in the
4 case of the dollar amounts contained
5 in paragraph (5)(A) or subsection (f),
6 and

7 “(II) ‘calendar year 1997’ in the
8 case of the dollar amount contained in
9 paragraph (5)(B).”.

10 (c) CONFORMING AMENDMENT.—Section 63(c) of the
11 Internal Revenue Code of 1986 is amended by striking
12 paragraph (7).

13 (d) EFFECTIVE DATE.—The amendments made by
14 this section shall apply to taxable years beginning after
15 December 31, 2022.

16 **SEC. 5. PERMANENT INCREASE AND MODIFICATION OF**
17 **CHILD TAX CREDIT.**

18 (a) INCREASE IN CREDIT AMOUNT.—Section 24(a) of
19 the Internal Revenue Code of 1986 is amended by striking
20 “\$1,000” and inserting “\$2,000”.

21 (b) LIMITATION.—Paragraph (2) of section 24(b) of
22 the Internal Revenue Code of 1986 is amended to read
23 as follows:

24 “(2) THRESHOLD AMOUNT.—For purposes of
25 paragraph (1), the term ‘threshold amount’ means—

1 “(A) \$400,000 in the case of a joint re-
2 turn, and

3 “(B) \$200,000 in any other case.”.

4 (c) PARTIAL CREDIT ALLOWED FOR CERTAIN
5 OTHER DEPENDENTS.—Subsection (h) of section 24 of
6 the Internal Revenue Code of 1986 is amended to read
7 as follows:

8 “(h) PARTIAL CREDIT ALLOWED FOR CERTAIN
9 OTHER DEPENDENTS.—

10 “(1) IN GENERAL.—The credit determined
11 under subsection (a) shall be increased by \$500 for
12 each dependent of the taxpayer (as defined in sec-
13 tion 7706) other than a qualifying child described in
14 subsection (c).

15 “(2) EXCEPTION FOR CERTAIN NONCITIZENS.—
16 Paragraph (1) shall not apply with respect to any
17 individual who would not be a dependent if subpara-
18 graph (A) of section 7706(b)(3) were applied with-
19 out regard to all that follows ‘resident of the United
20 States’.

21 “(3) CERTAIN QUALIFYING CHILDREN.—In the
22 case of any qualifying child with respect to whom a
23 credit is not allowed under this section by reason of
24 subsection (e)(1), such child shall be treated as a de-
25 pendent to whom subparagraph (A) applies.”.

1 (d) MAXIMUM AMOUNT OF REFUNDABLE CREDIT.—
2 Subsection (d) of section 24 of the Internal Revenue Code
3 of 1986 is amended by inserting after paragraph (2) the
4 following new paragraph:

5 “(3) LIMITATION.—

6 “(A) IN GENERAL.—The amount deter-
7 mined under paragraph (1)(A) with respect to
8 any qualifying child shall not exceed \$1,400,
9 and such paragraph shall be applied without re-
10 gard to subsection (h).

11 “(B) ADJUSTMENT FOR INFLATION.—In
12 the case of a taxable year beginning after 2018,
13 the \$1,400 amount in subparagraph (A) shall
14 be increased by an amount equal to—

15 “(i) such dollar amount, multiplied by

16 “(ii) the cost-of-living adjustment de-
17 termined under section 1(f)(3) for the cal-
18 endar year in which the taxable year be-
19 gins, determined by substituting ‘2017’ for
20 ‘2016’ in subparagraph (A)(ii) thereof.

21 If any increase under this clause is not a mul-
22 tiple of \$100, such increase shall be rounded to
23 the next lowest multiple of \$100.”.

24 (e) EARNED INCOME THRESHOLD FOR REFUNDABLE
25 CREDIT.—Section 24(d)(1)(B) of the Internal Revenue

1 Code of 1986 is amended by striking “\$3,000” and insert-
2 ing “\$2,500”.

3 (f) SOCIAL SECURITY NUMBER REQUIRED.—Para-
4 graph (1) of section 24(e) of the Internal Revenue Code
5 of 1986 is amended to read as follows:

6 “(1) QUALIFYING CHILD SOCIAL SECURITY
7 NUMBER REQUIREMENT.—No credit shall be allowed
8 under this section to a taxpayer with respect to any
9 qualifying child unless the taxpayer includes the
10 name and social security number of such child on
11 the return of tax for the taxable year. For purposes
12 of the preceding sentence, the term ‘social security
13 number’ means a social security number issued to an
14 individual by the Social Security Administration, but
15 only if the social security number is issued—

16 “(A) to a citizen of the United States or
17 pursuant to subclause (I) (or that portion of
18 subclause (III) that relates to subclause (I)) of
19 section 205(c)(2)(B)(i) of the Social Security
20 Act, and

21 “(B) before the due date for such return.”.

22 (g) REPEAL OF DEADWOOD.—

23 (1) IN GENERAL.—Section 24 of the Internal
24 Revenue Code of 1986 is amended by striking sub-

1 sections (i) and (j) and by redesignating subsection
2 (k) as subsection (i).

3 (2) CONFORMING AMENDMENTS.—Subsection
4 (i) of section 24 of such Code, as redesignated by
5 paragraph (1), is amended—

6 (A) by striking paragraph (2)(A),

7 (B) in paragraph (2)(B)—

8 (i) by striking and all that precedes
9 “In the case”, and

10 (ii) by redesignating clauses (i) and
11 (ii) as subparagraphs (A) and (B), respec-
12 tively, and by moving such subparagraphs
13 2 ems to the left,

14 (C) in paragraph (3)(A), by striking “and
15 without regard to the application of this section
16 to bona fide residents of Puerto Rico under
17 subsection (i)(1)”, and

18 (D) in paragraph (3)(C)(ii)—

19 (i) by striking “under subparagraph
20 (B)” and all that follows through “Decem-
21 ber 31, 2021,” and inserting “under sub-
22 paragraph (B),”, and

23 (ii) by striking “paragraph (2)(B)”
24 and inserting “paragraph (2)”.

1 (h) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to taxable years beginning after
3 December 31, 2022.

4 **SEC. 6. PERMANENT EXTENSION OF INCREASED LIMITA-**
5 **TION FOR CERTAIN CHARITABLE CONTRIBU-**
6 **TIONS.**

7 (a) IN GENERAL.—Section 170(b)(1)(G) of the Inter-
8 nal Revenue Code of 1986 is amended—

9 (1) by striking “for any taxable year beginning
10 after December 31, 2017, and before January 1,
11 2026,” in clause (i),

12 (2) by striking “for any taxable year described
13 in such clause” in clause (ii), and

14 (3) by striking “For each taxable year de-
15 scribed in clause (i), and each taxable year to which
16 any contribution under this subparagraph is carried
17 over under clause (ii), subparagraph (A)” in clause
18 (iii) and inserting “Subparagraph (A)”.

19 (b) EFFECTIVE DATE.—The amendments made by
20 this section shall apply to contributions in taxable years
21 beginning after December 31, 2025.

1 **SEC. 7. PERMANENT EXTENSION OF INCREASED CON-**
2 **TRIBUTIONS TO ABLE ACCOUNTS.**

3 (a) IN GENERAL.—Section 529A(b)(2)(B)(ii) of the
4 Internal Revenue Code of 1986 is amended by striking
5 “before January 1, 2026”.

6 (b) ALLOWANCE OF SAVERS CREDIT.—Section
7 25B(d)(1)(D) of the Internal Revenue Code of 1986 is
8 amended by striking “before January 1, 2026,”.

9 (c) EFFECTIVE DATE.—The amendments made by
10 this section shall apply to taxable years beginning after
11 the date of the enactment of this Act.

12 **SEC. 8. PERMANENT EXTENSION OF ROLLOVERS TO ABLE**
13 **PROGRAMS FROM 529 PROGRAMS.**

14 (a) IN GENERAL.—Section 529(c)(3)(C)(i)(III) is
15 amended by striking “before January 1, 2026,”.

16 (b) EFFECTIVE DATE.—The amendments made by
17 this section shall apply to distributions made after the
18 date of the enactment of this Act.

19 **SEC. 9. PERMANENT EXTENSION OF TREATMENT OF CER-**
20 **TAIN INDIVIDUALS PERFORMING SERVICES**
21 **IN THE SINAI PENINSULA OF EGYPT.**

22 (a) IN GENERAL.—Subsection (c) of section 11026
23 of Public Law 115–97 is amended—

24 (1) by striking “beginning before January 1,
25 2026” in paragraph (1)(B), and

1 (2) by striking “beginning before January 1,
2 2026” in paragraph (2)(B).

3 (b) EFFECTIVE DATE.—The amendments made by
4 this section shall take effect on the date of the enactment
5 of this Act.

6 **SEC. 10. PERMANENT EXTENSION OF TREATMENT OF STU-**
7 **DENT LOANS DISCHARGED ON ACCOUNT OF**
8 **DEATH OR DISABILITY.**

9 (a) IN GENERAL.—Subparagraph (A) of section
10 108(f)(5) of the Internal Revenue Code of 1986 is amend-
11 ed by striking “and before January 1, 2026,”.

12 (b) EFFECTIVE DATE.—The amendment made by
13 this section shall apply to discharges of indebtedness after
14 December 31, 2022.

15 **SEC. 11. REPEAL OF DEDUCTION FOR PERSONAL EXEMP-**
16 **TIONS.**

17 (a) IN GENERAL.—Part V of subchapter B of chapter
18 1 of the Internal Revenue Code of 1986 is hereby repealed.

19 (b) DEFINITION OF DEPENDENT RETAINED.—Sec-
20 tion 152 of the Internal Revenue Code of 1986, prior to
21 repeal by subsection (a), is hereby redesignated as section
22 7706 of such Code and moved to the end of chapter 79
23 of such Code.

1 (c) APPLICATION TO ESTATES AND TRUSTS.—Sub-
2 paragraph (C) of section 642(b)(2) of the Internal Rev-
3 enue Code of 1986 is amended—

4 (1) by striking “the exemption amount under
5 section 151(d)” in clause (i) and inserting “\$4,150”,
6 and

7 (2) by striking clause (iii) and inserting the fol-
8 lowing:

9 “(iii) INFLATION ADJUSTMENT.—In
10 the case of any taxable year beginning in
11 a calendar year after 2018, the \$4,150
12 amount in clause (i) shall be increased by
13 an amount equal to—

14 “(I) such dollar amount, multi-
15 plied by

16 “(II) the cost-of-living adjust-
17 ment determined under section 1(f)(3)
18 for the calendar year in which the tax-
19 able begins, determined by sub-
20 stituting ‘2017’ for ‘2016’ in subpara-
21 graph (A)(ii) thereof.

22 If any increase determined under the pre-
23 ceding sentence is not a multiple of \$100,
24 such increase shall be rounded to the next
25 lowest multiple of \$100.”.

1 (d) APPLICATION TO NONRESIDENT ALIENS.—Sec-
2 tion 873(b) of the Internal Revenue Code of 1986 is
3 amended by striking paragraph (3).

4 (e) MODIFICATION OF RETURN REQUIREMENT.—

5 (1) IN GENERAL.—Section 6012 of the Internal
6 Revenue Code of 1986 is amended—

7 (A) by striking paragraph (1) of subsection
8 (a) and inserting the following:

9 “(1) Every individual who has gross income for
10 the taxable year, except that a return shall not be
11 required of—

12 “(A) an individual who is not married (de-
13 termined by applying section 7703) and who
14 has gross income for the taxable year which
15 does not exceed the standard deduction applica-
16 ble to such individual for such taxable year
17 under section 63, or

18 “(B) an individual entitled to make a joint
19 return if—

20 “(i) the gross income of such indi-
21 vidual, when combined with the gross in-
22 come of such individual’s spouse, for the
23 taxable year does not exceed the standard
24 deduction which would be applicable to the
25 taxpayer for such taxable year under sec-

1 tion 63 if such individual and such individ-
2 ual's spouse made a joint return,

3 “(ii) such individual and such individ-
4 ual's spouse have the same household as
5 their home at the close of the taxable year,

6 “(iii) such individual's spouse does not
7 make a separate return, and

8 “(iv) neither such individual nor such
9 individual's spouse is an individual de-
10 scribed in section 63(c)(2) who has income
11 (other than earned income) in excess of the
12 amount in effect under section
13 63(c)(2)(A).”, and

14 (B) by striking subsection (f).

15 (2) BANKRUPTCY ESTATES.—Paragraph (8) of
16 section 6012(a) of such Code is amended by striking
17 “the sum of the exemption amount plus the basic
18 standard deduction under section 63(c)(2)(D)” and
19 inserting “the standard deduction in effect under
20 section 63(c)(1)(B)”.

21 (f) CONFORMING AMENDMENTS.—

22 (1) Section 1(f)(7) of the Internal Revenue
23 Code of 1986 is amended—

1 (A) by striking “section 151(d)(4)” in sub-
2 paragraph (A) and inserting “section
3 7706(d)(6)”, and

4 (B) by striking “151(d)(4)” in subpara-
5 graph (B) and inserting “7706(d)(6)”.

6 (2) Section 2(a)(1)(B) of the Internal Revenue
7 Code of 1986 is amended by striking “a dependent”
8 and all that follows through “section 151” and in-
9 serting “a dependent who (within the meaning of
10 section 7706, determined without regard to sub-
11 sections (b)(1), (b)(2), and (d)(1)(B) thereof) is a
12 son, stepson, daughter, or stepdaughter of the tax-
13 payer”.

14 (3) Section 21 of such Code is amended—

15 (A) in subsection (b)(1)(A), by striking
16 “section 152(a)(1)” and inserting “section
17 7706(a)(1)”,

18 (B) in subsection (b)(1)(B), by striking
19 “section 152” and inserting “section 7706”,

20 (C) in subsection (e)(5)—

21 (i) by striking “section 152(e)” in
22 subparagraph (A) and inserting “section
23 7706(e)”, and

24 (ii) by striking “section 152(e)(4)(A)”
25 and inserting “section 7706(e)(4)(A)”, and

1 (D) in subsection (e)(6)(B), by striking
2 “section 152(f)(1)” and inserting “section
3 7706(f)(1)”.

4 (4) Section 24(a) of such Code is amended by
5 striking “for which the taxpayer is allowed a deduc-
6 tion under section 151” and inserting “which is a
7 dependent of the taxpayer”.

8 (5) Section 24(c) of such Code is amended—

9 (A) in paragraph (1), by striking “section
10 152(c)” and inserting “section 7706(c)”, and

11 (B) in paragraph (2), by striking “section
12 152(b)(3)” and inserting “section 7706(b)(3)”.

13 (6) Section 25A(f)(1)(A)(iii) of such Code is
14 amended by striking “with respect to whom the tax-
15 payer is allowed a deduction under section 151”.

16 (7) Section 25A(g)(3) of such Code is amended
17 by striking “If a deduction under section 151 with
18 respect to an individual is allowed to another tax-
19 payer” and inserting “If an individual is a depend-
20 ent (as defined in section 7706) of another tax-
21 payer”.

22 (8) Section 25B(e)(2) of such Code is amend-
23 ed—

24 (A) in subparagraph (A), by striking “with
25 respect to whom a deduction under section 151

1 is allowed to another taxpayer” and inserting
2 “who is a dependent of another taxpayer”, and

3 (B) in subparagraph (B), by striking “sec-
4 tion 152(f)(2)” and inserting “section
5 7706(f)(2)”.

6 (9) Section 25E(c)(3)(C) is amended by strik-
7 ing “with respect to whom no deduction is allowable
8 with respect to another taxpayer under section 151”
9 and inserting “who is a dependent (as defined in
10 section 7706) of another taxpayer”.

11 (10) Section 32(c)(1)(A)(iii) of such Code is
12 amended by striking “for whom a deduction is allow-
13 able under section 151 to” and inserting “of”.

14 (11) Section 32(c)(3) of such Code is amend-
15 ed—

16 (A) in subparagraph (A)—

17 (i) by striking “section 152(c)” and
18 inserting “section 7706(e)”, and

19 (ii) by striking “section 152(e)” and
20 inserting “section 7706(e)”,

21 (B) in subparagraph (B), by striking “un-
22 less the taxpayer is entitled to a deduction
23 under section 151 for such taxable year with re-
24 spect to such individual (or would be so entitled
25 but for section 152(e))” and inserting “unless

1 such individual is a dependent (as defined in
2 section 7706) of such taxpayer for such taxable
3 year (or would be a dependent but for section
4 7706(e)), and

5 (C) in subparagraph (C), by striking “sec-
6 tion 152(c)(1)(B)” and inserting “section
7 7706(c)(1)(B)”.

8 (12) Section 35(d)(1) of such Code is amended
9 by striking “with respect to whom the taxpayer is
10 entitled to a deduction under section 151(c)”.

11 (13) Section 35(d)(2) of such Code is amend-
12 ed—

13 (A) by striking “section 152(e)” and in-
14 serting “section 7706(e)”, and

15 (B) by striking “section 152(e)(4)(A)” and
16 inserting “section 7706(e)(4)(A)”.

17 (14) Section 35(g)(4) of such Code is amended
18 by striking “with respect to whom a deduction under
19 section 151 is allowable to” and inserting “is a de-
20 pendent (as defined in section 7706) of”.

21 (15) Section 35(g)(10)(C)(ii) of such Code is
22 amended by striking “the taxpayer to whom the de-
23 duction under section 151 is allowable” and insert-
24 ing “the taxpayer of whom such individual is a de-
25 pendent of”.

1 (16) Section 36(d)(3) of such Code is amended
2 by striking “a deduction under section 151 with re-
3 spect to such taxpayer is allowable to another tax-
4 payer for such taxable year” and inserting “such
5 taxpayer is a dependent of another taxpayer for such
6 taxable year”.

7 (17) Section 36B(b)(2)(A) of such Code is
8 amended by striking “section 152” and inserting
9 “section 7706”.

10 (18) Section 36B(b)(3)(B) of such Code is
11 amended—

12 (A) by striking “who is not allowed a de-
13 duction under section 151 for the taxable year
14 with respect to a dependent” and inserting
15 “who does not have any dependents for the tax-
16 able year”, and

17 (B) by striking “unless a deduction is al-
18 lowed under section 151 for the taxable year
19 with respect to a dependent” in the flush mat-
20 ter at the end and inserting “unless the tax-
21 payer has a dependent for the taxable year”.

22 (19) Section 36B(c)(1)(D) of such Code is
23 amended by striking “with respect to whom a deduc-
24 tion under section 151 is allowable to another tax-

1 payer” and inserting “who is a dependent of another
2 taxpayer”.

3 (20) Section 36B(d)(1) of such Code is amend-
4 ed by striking “equal to the number of individuals
5 for whom the taxpayer is allowed a deduction under
6 section 151 (relating to allowance of deduction for
7 personal exemptions) for the taxable year” and in-
8 serting “the sum of 1 (2 in the case of a joint re-
9 turn) plus the number of the taxpayer’s dependents
10 for the taxable year”.

11 (21) Section 36B(e)(1) of such Code is amend-
12 ed by striking “1 or more individuals for whom a
13 taxpayer is allowed a deduction under section 151
14 (relating to allowance of deduction for personal ex-
15 emptions) for the taxable year (including the tax-
16 payer or his spouse)” and inserting “1 or more of
17 the taxpayer, the taxpayer’s spouse, or any depend-
18 ent of the taxpayer”.

19 (22) Section 42(i)(3)(D)(ii)(I) of such Code is
20 amended by striking “section 152” and inserting
21 “section 7706”.

22 (23) Section 45R(e)(1)(A)(iv) of such Code is
23 amended—

24 (A) by striking “section 152(d)(2)” and in-
25 serting “section 7706(d)(2)”, and

1 (B) by striking “section 152(d)(2)(H)”
2 and inserting “section 7706(d)(2)(H)”.

3 (24) Section 51(i)(1) of such Code is amend-
4 ed—

5 (A) by striking “section 152(d)(2)” each
6 place it appears and inserting “section
7 7706(d)(2)”, and

8 (B) by striking “section 152(d)(2)(H)” in
9 subparagraph (C) thereof and inserting “section
10 7706(d)(2)(H)”.

11 (25) Section 56(b)(1)(D) of such Code is
12 amended by striking “, the deduction for personal
13 exemptions under section 151,”.

14 (26) Section 63(b) of such Code is amended by
15 striking paragraph (2) and by redesignating para-
16 graphs (3) and (4) as paragraphs (2) and (3), re-
17 spectively.

18 (27) Section 63(e)(5) is amended by striking
19 “with respect to whom a deduction under section
20 151 is allowable to” and inserting “who is a depend-
21 ent of”.

22 (28) Subparagraph (B) of section 63(f)(1) of
23 such Code is amended to read as follows:

24 “(B) for the spouse of the taxpayer if—

1 “(i) the spouse has attained age 65
2 before the close of the taxable year, and

3 “(ii) a joint return is not made by the
4 taxpayer and his spouse, and the spouse,
5 for the calendar year in which the taxable
6 year of the taxpayer begins, has no gross
7 income and is not the dependent of an-
8 other taxpayer.”.

9 (29) Subparagraph (B) of section 63(f)(2) of
10 such Code is amended to read as follows:

11 “(B) for the spouse of the taxpayer if—

12 “(i) the spouse is blind as of the close
13 of the taxable year, and

14 “(ii) a joint return is not made by the
15 taxpayer and his spouse, and the spouse,
16 for the calendar year in which the taxable
17 year of the taxpayer begins, has no gross
18 income and is not the dependent of an-
19 other taxpayer.”.

20 (30) Section 72(t)(2)(D)(i)(III) of such Code is
21 amended by striking “section 152” and inserting
22 “section 7706”.

23 (31) Section 72(t)(7)(A)(iii) of such Code is
24 amended by striking “section 152(f)(1)” and insert-
25 ing “section 7706(f)(1)”.

1 (32) Section 105(b) of such Code is amended—

2 (A) by striking “as defined in section 152”

3 and inserting “as defined in section 7706”,

4 (B) by striking “section 152(f)(1)” and in-
5 serting “section 7706(f)(1)”, and

6 (C) by striking “section 152(e)” and in-
7 serting “section 7706(e)”.

8 (33) Section 105(c)(1) of such Code is amended
9 by striking “section 152” and inserting “section
10 7706”.

11 (34) Section 125(e)(1)(D) of such Code is
12 amended by striking “section 152” and inserting
13 “section 7706”.

14 (35) Section 129(c) of such Code is amended—

15 (A) by striking “with respect to whom, for
16 such taxable year, a deduction is allowable
17 under section 151(e) (relating to personal ex-
18 emptions for dependents) to” in paragraph (1)
19 and inserting “who is a dependent of”, and

20 (B) by striking “section 152(f)(1)” in
21 paragraph (2) and inserting “section
22 7706(f)(1)”.

23 (36) Section 132(h)(2)(B) of such Code is
24 amended—

1 (A) by striking “section 152(f)(1)” and in-
2 serting “section 7706(f)(1)”, and

3 (B) by striking “section 152(e)” and in-
4 serting “section 7706(e)”.

5 (37) Section 135(c)(2)(A)(iii) is amended by
6 striking “with respect to whom the taxpayer is al-
7 lowed a deduction under section 151”.

8 (38) Section 139D(c)(5) of such Code is
9 amended by striking “section 152” and inserting
10 “section 7706”.

11 (39) Section 139E(c)(2) of such Code is
12 amended by striking “section 152” and inserting
13 “section 7706”.

14 (40) Section 162(l)(1)(D) of such Code is
15 amended by striking “section 152(f)(1)” and insert-
16 ing “section 7706(f)(1)”.

17 (41) Section 170(g)(1) of such Code is amend-
18 ed by striking “section 152” and inserting “section
19 7706”.

20 (42) Section 170(g)(3) of such Code is amend-
21 ed by striking “section 152(d)(2)” and inserting
22 “section 7706(d)(2)”.

23 (43) Section 172(d) of such Code is amended
24 by striking paragraph (3).

1 (44) Section 213(a) of such Code is amended
2 by striking “section 152” and inserting “section
3 7706”.

4 (45) Section 213(d)(5) of such Code is amend-
5 ed by striking “section 152(e)” and inserting “sec-
6 tion 7706(e)”.

7 (46) Section 213(e)(11) of such Code is amend-
8 ed by striking “section 152(d)(2)” and inserting
9 “section 7706(d)(2)”.

10 (47) Section 220(b)(6) of such Code is amend-
11 ed by striking “with respect to whom a deduction
12 under section 151 is allowable to” and inserting
13 “who is a dependent of”.

14 (48) Section 220(d)(2)(A) of such Code is
15 amended by striking “section 152” and inserting
16 “section 7706”.

17 (49) Section 221(c) of such Code is amended by
18 striking “a deduction under section 151 with respect
19 to such individual is allowed to” and inserting “such
20 individual is a dependent of”.

21 (50) Section 221(d)(4) of such Code is amend-
22 ed by striking “section 152” and inserting “section
23 7706”.

24 (51) Section 223(b)(6) of such Code is amend-
25 ed by striking “with respect to whom a deduction

1 under section 151 is allowable to” and inserting
2 “who is a dependent of”.

3 (52) Section 223(d)(2)(A) of such Code is
4 amended by striking “section 152” and inserting
5 “section 7706”.

6 (53) Section 401(h) of such Code is amended
7 by striking “section 152(f)(1)” in the last sentence
8 and inserting “section 7706(f)(1)”.

9 (54) Section 402(l)(4)(D) of such Code is
10 amended by striking “section 152” and inserting
11 “section 7706”.

12 (55) Section 409A(a)(2)(B)(ii)(I) of such Code
13 is amended by striking “section 152(a)” and insert-
14 ing “section 7706(a)”.

15 (56) Section 443 is amended by striking sub-
16 section (c).

17 (57) Section 501(e)(9) of such Code is amended
18 by striking “section 152(f)(1)” and inserting “sec-
19 tion 7706(f)(1)”.

20 (58) Section 529(e)(9)(C)(iii) of such Code is
21 amended by striking “section 152(d)(2)(B)” and in-
22 serting “section 7706(d)(2)(B)”.

23 (59) Section 529(e)(2)(B) of such Code is
24 amended by striking “section 152(d)(2)” and insert-
25 ing “section 7706(d)(2)”.

1 (60) Section 529A(e)(4) of such Code is amend-
2 ed—

3 (A) by striking “section 152(d)(2)(B)” and
4 inserting “section 7706(d)(2)(B)”, and

5 (B) by striking “section 152(f)(1)(B)” and
6 inserting “section 7706(f)(1)(B)”.

7 (61) Section 703(a)(2) of such Code is amended
8 by striking subparagraph (A) and by redesignating
9 subparagraphs (B) through (F) as subparagraphs
10 (A) through (E), respectively.

11 (62) Section 873(b) is amended by striking
12 paragraph (3).

13 (63) Section 874 of such Code is amended by
14 striking subsection (b) and by redesignating sub-
15 section (c) as subsection (b).

16 (64) Section 891 of such Code is amended by
17 striking “under section 151 and”.

18 (65) Section 904(b) of such Code is amended
19 by striking paragraph (1).

20 (66) Section 931(b)(1) of such Code is amend-
21 ed by striking “(other than the deduction under sec-
22 tion 151, relating to personal exemptions)”.

23 (67) Section 933 of such Code is amended—

1 (A) by striking “(other than the deduction
2 under section 151, relating to personal exemp-
3 tions)” in paragraph (1), and

4 (B) by striking “(other than the deduction
5 for personal exemptions under section 151)” in
6 paragraph (2).

7 (68) Section 1212(b)(2)(B)(ii) of such Code is
8 amended to read as follows:

9 “(ii) in the case of an estate or trust,
10 the deduction allowed for such year under
11 section 642(b).”

12 (69) Section 1361(e)(1)(C) of such Code is
13 amended by striking “section 152(f)(1)(C)” and in-
14 serting “section 7706(f)(1)(C)”.

15 (70) Section 1402(a) of such Code is amended
16 by striking paragraph (7).

17 (71) Section 2032A(e)(7)(D) of such Code is
18 amended by striking “section 152(f)(2)” and insert-
19 ing “section 7706(f)(2)”.

20 (72) Section 3402(f)(1)(A) of such Code is
21 amended by striking “for whom a deduction is al-
22 lowed with respect to another taxpayer under section
23 151” and inserting “who is a dependent of another
24 taxpayer”.

1 (73) Section 3402(m)(1) of such Code is
2 amended by striking “other than the deductions re-
3 ferred to in section 151 and”.

4 (74) Section 3402(r)(2) of such Code is amend-
5 ed by striking “the sum of—” and all that follows
6 and inserting “the standard deduction in effect
7 under section 63(c)(1)(B).”.

8 (75) Section 5000A(b)(3)(A) of such Code is
9 amended by striking “section 152” and inserting
10 “section 7706”.

11 (76) Section 5000A(e)(4)(A) of such Code is
12 amended by striking “the number of individuals for
13 whom the taxpayer is allowed a deduction under sec-
14 tion 151 (relating to allowance of deduction for per-
15 sonal exemptions) for the taxable year” and insert-
16 ing “the sum of 1 (2 in the case of a joint return)
17 plus the number of the taxpayer’s dependents for
18 the taxable year”.

19 (77) Section 6013(b)(3)(A) of such Code is
20 amended—

21 (A) by striking “had less than the exemp-
22 tion amount of gross income” in clause (ii) and
23 inserting “had no gross income”,

1 (B) by striking “had gross income of the
2 exemption amount or more” in clause (iii) and
3 inserting “had any gross income”, and

4 (C) by striking the flush language fol-
5 lowing clause (iii).

6 (78) Section 6103(l)(21)(A)(iii) of such Code is
7 amended to read as follows:

8 “(iii) the number of the taxpayer’s de-
9 pendants,”.

10 (79) Section 6213(g)(2)(H) of such Code is
11 amended by striking “or section 151 (relating to al-
12 lowance of deductions for personal exemptions)”.

13 (80) Section 6334(d)(2) of such Code is amend-
14 ed to read as follows:

15 “(2) EXEMPT AMOUNT.—

16 “(A) IN GENERAL.—For purposes of para-
17 graph (1), the term ‘exempt amount’ means an
18 amount equal to—

19 “(i) the sum of the amount deter-
20 mined under subparagraph (B) and the
21 standard deduction, divided by

22 “(ii) 52.

23 “(B) AMOUNT DETERMINED.—For pur-
24 poses of subparagraph (A), the amount deter-
25 mined under this subparagraph is \$4,150 multi-

1 plied by the number of the taxpayer’s depend-
2 ents for the taxable year in which the levy oc-
3 curs.

4 “(C) INFLATION ADJUSTMENT.—In the
5 case of any taxable year beginning after 2018,
6 the \$4,150 amount in subparagraph (B) shall
7 be increased by an amount equal to—

8 “(i) such dollar amount, multiplied by

9 “(ii) the cost-of-living adjustment de-
10 termined under section 1(f)(3) for the cal-
11 endar year in which the taxable year be-
12 gins, by substituting ‘calendar year 2017’
13 for ‘calendar year 2016’ in subparagraph
14 (A) thereof.

15 If any increase determined under the preceding
16 sentence is not a multiple of \$100, such in-
17 crease shall be rounded to the next lowest mul-
18 tiple of \$100.

19 “(D) VERIFIED STATEMENT.—Unless the
20 taxpayer submits to the Secretary a written and
21 properly verified statement specifying the facts
22 necessary to determine the proper amount
23 under subparagraph (A), subparagraph (A)
24 shall be applied as if the taxpayer were a mar-

1 ried individual filing a separate return with no
2 dependents.”.

3 (81) Section 6334(d) of such Code is amended
4 by striking paragraph (4).

5 (82) Section 7702B(f)(2)(C)(iii) of such Code is
6 amended by striking “section 152(d)(2)” and insert-
7 ing “section 7706(d)(2)”.

8 (83) Section 7703(a) of such Code is amended
9 by striking “part V of subchapter B of chapter 1
10 and”.

11 (84) Section 7703(b)(1) of such Code is amend-
12 ed—

13 (A) by striking “section 152(f)(1)” and all
14 that follows and inserting “section 7706(f)(1),”,
15 and

16 (B) by striking “section 152(e)” and in-
17 serting “section 7706(e)”.

18 (85) Section 7706(a) of such Code, as redesign-
19 ated by this section, is amended by striking “this
20 subtitle” and inserting “subtitle A”.

21 (86)(A) Section 7706(d)(1)(B) of such Code, as
22 redesignated by this section, is amended by striking
23 “the exemption amount (as defined in section
24 151(d))” and inserting “\$4,150”.

1 (B) Section 7706(d) of such Code, as redesignig-
2 nated by this section, is amended by adding at the
3 end the following new paragraph:

4 “(6) INFLATION ADJUSTMENT.—In the case of
5 any calendar year beginning after 2018, the \$4,150
6 amount in paragraph (1)(B) shall be increased by an
7 amount equal to—

8 “(A) such dollar amount, multiplied by

9 “(B) the cost-of-living adjustment deter-
10 mined under section 1(f)(3) for such calendar
11 year, determined by substituting ‘calendar year
12 2017’ for ‘calendar year 2016’ in subparagraph
13 (A)(ii) thereof.

14 If any increase determined under the preceding sen-
15 tence is not a multiple of \$100, such increase shall
16 be rounded to the next lowest multiple of \$100.”.

17 (87) The table of sections for chapter 79 of
18 such Code is amended by adding at the end the fol-
19 lowing new item:

“Sec. 7706. Dependent defined.”.

20 (g) EFFECTIVE DATE.—The amendments made by
21 this section shall apply to taxable years beginning after
22 December 31, 2022.

1 **SEC. 12. PERMANENT EXTENSION OF LIMITATION ON DE-**
2 **DUCTION FOR STATE AND LOCAL, ETC.,**
3 **TAXES.**

4 (a) IN GENERAL.—Paragraph (6) of section 164(b)
5 of the Internal Revenue Code of 1986 is amended—

6 (1) by striking “, and before January 1, 2026”,
7 and

8 (2) by striking “2018 THROUGH 2025” in the
9 heading and inserting “AFTER 2017”.

10 (b) EFFECTIVE DATE.—The amendments made by
11 this section shall apply to taxable years beginning after
12 December 31, 2022.

13 **SEC. 13. PERMANENT EXTENSION OF LIMITATION ON DE-**
14 **DUCTION FOR QUALIFIED RESIDENCE INTER-**
15 **EST.**

16 (a) REPEAL OF HOME EQUITY INDEBTEDNESS.—

17 (1) IN GENERAL.—Section 163(h)(3)(A) of the
18 Internal Revenue Code of 1986 is amended by strik-
19 ing “during the taxable year on” and all that follows
20 through “For purposes of” and inserting “during
21 the taxable year on acquisition indebtedness with re-
22 spect to any qualified principal residence of the tax-
23 payer. For purposes of”.

24 (2) CONFORMING AMENDMENT.—Section
25 163(h)(3) of such Code is amended by striking sub-
26 paragraph (C).

1 (b) LIMITATION ON ACQUISITION INDEBTEDNESS.—

2 (1) IN GENERAL.—Section 163(h)(3)(B)(ii) of
3 the Internal Revenue Code of 1986 is amended by
4 striking “\$1,000,000 (\$500,000” and inserting
5 “\$750,000 (\$375,000”.

6 (2) TREATMENT OF INDEBTEDNESS INCURRED
7 ON OR BEFORE DECEMBER 31, 2017;
8 REFINANCINGS.—Section 163(h)(3) of the Internal
9 Revenue Code of 1986, as amended by subsection
10 (a)(2), is amended by inserting after subparagraph
11 (B) the following new subparagraph:

12 “(C) TREATMENT OF INDEBTEDNESS IN-
13 CURRED ON OR BEFORE DECEMBER 15, 2017;
14 REFINANCINGS.—

15 “(i) IN GENERAL.—In the case of any
16 indebtedness incurred on or before Decem-
17 ber 15, 2017, subparagraph (B)(ii) shall
18 apply as in effect immediately before the
19 enactment of the Public Law 115–97, and,
20 in applying such subparagraph to any in-
21 debtedness incurred after such date, the
22 limitation under such subparagraph shall
23 be reduced (but not below zero) by the
24 amount of any indebtedness incurred on or
25 before December 15, 2017, which is treat-

1 ed as acquisition indebtedness for purposes
2 of this subsection for the taxable year.

3 “(ii) BINDING CONTRACT EXCEP-
4 TION.—In the case of a taxpayer who en-
5 ters into a written binding contract before
6 December 15, 2017, to close on the pur-
7 chase of a principal residence before Janu-
8 ary 1, 2018, and who purchases such resi-
9 dence before April 1, 2018, subclause (III)
10 shall be applied by substituting ‘April 1,
11 2018’ for ‘December 15, 2017’.

12 “(iii) TREATMENT OF REFINANCINGS
13 OF INDEBTEDNESS.—

14 “(I) IN GENERAL.—In the case
15 of any indebtedness which is incurred
16 to refinance indebtedness, such refi-
17 nanced indebtedness shall be treated
18 for purposes of clause (i) as incurred
19 on the date that the original indebted-
20 ness was incurred to the extent the
21 amount of the indebtedness resulting
22 from such refinancing does not exceed
23 the amount of the refinanced indebt-
24 edness.

1 “(II) LIMITATION ON PERIOD OF
2 REFINANCING.—Subclause (I) shall
3 not apply to any indebtedness after
4 the expiration of the term of the origi-
5 nal indebtedness or, if the principal of
6 such original indebtedness is not am-
7 ortized over its term, the expiration of
8 the term of the 1st refinancing of
9 such indebtedness (or if earlier, the
10 date which is 30 years after the date
11 of such 1st refinancing).”.

12 (c) COORDINATION WITH EXCLUSION OF INCOME
13 FROM DISCHARGE OF INDEBTEDNESS.—Section
14 108(h)(2) of the Internal Revenue Code of 1986 is amend-
15 ed by striking “, applied by substituting” and all that fol-
16 lows through “section 163(h)(3)(F)(i)(II)”.

17 (d) CONFORMING AMENDMENTS.—Section 163(h)(3)
18 of the Internal Revenue Code of 1986 is amended—

19 (1) in the heading of subparagraph (D)(ii), by
20 striking “\$1,000,000”, and

21 (2) by striking subparagraph (F).

22 (e) EFFECTIVE DATE.—The amendments made by
23 this section shall apply to taxable years beginning after
24 December 31, 2022.

1 **SEC. 14. PERMANENT EXTENSION OF MODIFICATIONS TO**
2 **DEDUCTION FOR PERSONAL CASUALTY**
3 **LOSSES.**

4 (a) **IN GENERAL.**—Paragraph (5) of section 165(h)
5 of the Internal Revenue Code of 1986 is amended—

6 (1) by striking “, and before January 1, 2026”
7 in subparagraph (A), and

8 (2) by striking “2018 THROUGH 2025” in the
9 heading and inserting “AFTER 2017”.

10 (b) **EFFECTIVE DATE.**—The amendments made by
11 this section shall apply to losses incurred in taxable years
12 beginning after December 31, 2022.

13 **SEC. 15. REPEAL OF MISCELLANEOUS ITEMIZED DEDUC-**
14 **TIONS.**

15 (a) **IN GENERAL.**—Section 67 of the Internal Rev-
16 enue Code of 1986 is amended—

17 (1) by striking subsection (a) and inserting the
18 following:

19 “(a) **GENERAL RULE.**—No miscellaneous itemized
20 deduction shall be allowed for any taxable year beginning
21 after December 31, 2017.”,

22 (2) by striking subsection (g), and

23 (3) by striking “**2-PERCENT FLOOR ON**” in
24 the heading and inserting “**TREATMENT OF**”.

25 (b) **CONFORMING AMENDMENT.**—The table of sec-
26 tions for part I of subchapter B of chapter 1 of the Inter-

1 nal Revenue Code of 1986 is amended by striking “2-per-
2 cent floor on” in the item relating to section 67 and insert-
3 ing “Treatment of”.

4 (c) EFFECTIVE DATE.—The amendments made by
5 this section shall apply to taxable years beginning after
6 December 31, 2022.

7 **SEC. 16. REPEAL OF OVERALL LIMITATION ON ITEMIZED**
8 **DEDUCTIONS.**

9 (a) IN GENERAL.—Part 1 of subchapter B of chapter
10 1 of the Internal Revenue Code of 1986 is amended by
11 striking section 68 (and the item relating to such section
12 in the table of sections for such part).

13 (b) CONFORMING AMENDMENTS.—

14 (1) Section 1(f)(7) of the Internal Revenue
15 Code of 1986, as amended by this Act, is amended
16 by striking “section 63(c)(4), or section 68(b)(2)”
17 and inserting “or section 63(c)(4)”.

18 (2) Section 56(b)(1) of such Code is amended
19 by striking subparagraph (E).

20 (3) Section 164(b)(5)(H)(ii)(III) of such Code
21 is amended by inserting “(as in effect before the
22 date of the enactment of the Tax Cuts and Jobs
23 Act)” after “68(b)”.

24 (4) Section 642(b)(2)(C)(i)(I) of such Code is
25 amended by striking “as an individual described in

1 section 68(b)(1)(C)” and inserting “as an individual
2 who is not married and who is not a surviving
3 spouse or head of household”.

4 (5) Section 773(a)(3)(B) of such Code is
5 amended by striking clause (i) and redesignating
6 clauses (ii) through (iv) as clauses (i) through (iii),
7 respectively.

8 (c) EFFECTIVE DATE.—The amendments made by
9 this section shall apply to taxable years beginning after
10 December 31, 2022.

11 **SEC. 17. REPEAL OF EXCLUSION FOR QUALIFIED BICYCLE**
12 **COMMUTING REIMBURSEMENT.**

13 (a) IN GENERAL.—Section 132(f)(1) of the Internal
14 Revenue Code of 1986 is amended by striking subpara-
15 graph (D).

16 (b) CONFORMING AMENDMENTS.—

17 (1) Section 132(f)(2) of the Internal Revenue
18 Code of 1986 is amended by inserting “and” at the
19 end of subparagraph (A), by striking “, and” at the
20 end of subparagraph (B) and inserting a period, and
21 by striking subparagraph (C).

22 (2) Section 132(f)(4) of such Code is amended
23 by striking “(other than a qualified bicycle com-
24 muting reimbursement)”.

1 (3) Section 132(f)(5) of such Code is amended
2 by striking subparagraph (F).

3 (4) Section 132(f) of such Code is amended by
4 striking paragraph (8).

5 (c) EFFECTIVE DATE.—The amendments made by
6 this section shall apply to taxable years beginning after
7 December 31, 2022.

8 **SEC. 18. PERMANENT EXTENSION OF MODIFICATION OF EX-**
9 **CLUSION FOR QUALIFIED MOVING EXPENSE**
10 **REIMBURSEMENT.**

11 (a) IN GENERAL.—Section 132(g) of the Internal
12 Revenue Code of 1986 is amended—

13 (1) in paragraph (1), by striking “individual”
14 and inserting “qualified military member”, and

15 (2) by striking paragraph (2) and inserting the
16 following:

17 “(2) QUALIFIED MILITARY MEMBER.—For pur-
18 poses of paragraph (1), the term ‘qualified military
19 member’ means a member of the Armed Forces of
20 the United States on active duty who moves pursu-
21 ant to a military order and incident to a permanent
22 change of station.”.

23 (b) EFFECTIVE DATE.—The amendments made by
24 this section shall apply to taxable years beginning after
25 December 31, 2022.

1 **SEC. 19. REPEAL OF DEDUCTION FOR MOVING EXPENSES.**

2 (a) IN GENERAL.—Subsection (a) of section 217 of
3 the Internal Revenue Code of 1986 is amended to read
4 as follows:

5 “(a) DEDUCTION ALLOWED.—There shall be allowed
6 as a deduction moving expenses paid or incurred during
7 the taxable year in connection with the commencement of
8 work by a member of the Armed Forces of the United
9 States on active duty who moves pursuant to a military
10 order and incident to a permanent change of station.”.

11 (b) CONFORMING AMENDMENTS.—

12 (1) Section 217 of the Internal Revenue Code
13 of 1986 is amended—

14 (A) by striking subsections (c), (d), (f),
15 and (i),

16 (B) by redesignating subsections (g), (h),
17 and (j) as subsections (c), (d), and (e), respec-
18 tively, and

19 (C) in subsection (c), as so redesignated—

20 (i) by striking paragraph (1) and re-
21 designating paragraphs (2) and (3) as
22 paragraphs (1) and (2), respectively, and

23 (ii) in paragraph (2) (as so redesign-
24 gated), by striking “moving expenses of his
25 spouse and dependents” and all that fol-
26 lows and inserting “moving expenses of his

1 spouse and dependents as if his spouse
2 commenced work as an employee at a new
3 principal place of work at such location.”.

4 (2) Section 23 of such Code is amended by
5 striking “217(h)(3)” each place it appears in sub-
6 sections (d)(3) and (e) and inserting “217(d)(3)”.

7 (c) EFFECTIVE DATE.—The amendments made by
8 this section shall apply to taxable years beginning after
9 December 31, 2022.

10 **SEC. 20. PERMANENT EXTENSION OF LIMITATION ON WA-**
11 **GERING LOSSES.**

12 (a) IN GENERAL.—The second sentence of section
13 165(d) of the Internal Revenue Code of 1986 is amended
14 by striking “in the case of taxable years beginning after
15 December 31, 2017, and before January 1, 2026,”.

16 (b) EFFECTIVE DATE.—The amendments made by
17 this section shall not apply to taxable years beginning
18 after December 31, 2022.

19 **SEC. 21. INCREASE IN ESTATE AND GIFT TAX EXEMPTION**
20 **MADE PERMANENT.**

21 (a) IN GENERAL.—Section 2010(c)(3)(A) of the In-
22 ternal Revenue Code of 1986 is amended by striking
23 “\$5,000,000” and inserting “\$10,000,000”.

24 (b) CONFORMING AMENDMENTS.—

1 (1) Section 2010(c)(3) of the Internal Revenue
2 Code of 1986 is amended by striking subparagraph
3 (C).

4 (2) Subsection (g) of section 2001 of such Code
5 is amended to read as follows:

6 “(g) MODIFICATIONS TO GIFT TAX PAYABLE TO RE-
7 FLECT DIFFERENT TAX RATES.—For purposes of apply-
8 ing subsection (b)(2) with respect to 1 or more gifts, the
9 rates of tax under subsection (c) in effect at the decedent’s
10 death shall, in lieu of the rates of tax in effect at the time
11 of such gifts, be used both to compute—

12 “(1) the tax imposed by chapter 12 with respect
13 to such gifts, and

14 “(2) the credit allowed against such tax under
15 section 2505, including in computing—

16 “(A) the applicable credit amount under
17 section 2505(a)(1), and

18 “(B) the sum of the amounts allowed as a
19 credit for all preceding periods under section
20 2505(a)(2).”.

21 (c) EFFECTIVE DATE.—The amendments made by
22 this section shall apply to estates of decedents dying and
23 gifts made after December 31, 2022.

1 **SEC. 22. INCREASE IN ALTERNATIVE MINIMUM TAX EXEMP-**
2 **TION MADE PERMANENT.**

3 (a) IN GENERAL.—Section 55(d) of the Internal Rev-
4 enue Code of 1986 is amended—

5 (1) in paragraph (1)—

6 (A) by striking “\$78,750” in subparagraph

7 (A) and inserting “\$109,400”, and

8 (B) by striking “\$50,600” in subpara-

9 graph (B) and inserting “\$70,300”, and

10 (2) in paragraph (2)—

11 (A) by striking “\$150,000” in subpara-

12 graph (A) and inserting “\$1,000,000”, and

13 (B) by striking subparagraphs (B) and (C)

14 and inserting the following:

15 “(B) 50 percent of the dollar amount ap-

16 plicable under subparagraph (A) in the case of

17 a taxpayer described in subparagraph (B) or

18 (C) of paragraph (1), and

19 “(C) 50 percent of \$150,000 in the case of

20 a taxpayer described in paragraph (1)(D).”.

21 (b) INFLATION ADJUSTMENT.—

22 (1) IN GENERAL.—Section 55(d)(3)(A)(ii) of

23 the Internal Revenue Code of 1986 is amended to

24 read as follows:

25 “(ii) the cost-of-living adjustment de-

26 termined under section 1(f)(3) for the cal-

1 endar year in which the taxable year be-
2 gins, by substituting for ‘calendar year
3 2016’ in subparagraph (A)(ii) thereof—

4 “(I) ‘calendar year 2011’ in the
5 case of the dollar amounts described
6 in clauses (i), (iv), and (v) of subpara-
7 graph (B), and

8 “(II) ‘calendar year 2017’ in the
9 case of the dollar amounts described
10 in clauses (ii) and (iii) of subpara-
11 graph (B).”.

12 (2) CONFORMING AMENDMENTS.—Section
13 55(d)(3)(B) of such Code is amended—

14 (A) by striking “subparagraphs (A), (B),
15 and (D) of paragraph (1), and” in clause (ii)
16 and inserting “subparagraphs (A) and (B) of
17 paragraph (1),”,

18 (B) by striking “subparagraphs (A) and
19 (B) of paragraph (2).” in clause (iii) and in-
20 serting “paragraph (2)(A),”, and

21 (C) by adding at the end the following:

22 “(iv) the dollar amount contained in
23 paragraph (1)(D), and

24 “(v) the dollar amount contained in
25 paragraph (2)(C).”.

1 (c) TREATMENT OF UNEARNED INCOME OF MINOR
2 CHILDREN.—Section 59 of the Internal Revenue Code of
3 1986 is amended by striking subsection (j).

4 (d) EFFECTIVE DATE.—The amendments made by
5 this section shall apply to taxable years beginning after
6 December 31, 2022.

7 **SEC. 23. TECHNICAL AMENDMENT.**

8 Section 11000 of Public Law 115–97 is amended by
9 redesignating subsection (a) as subsection (b) and by in-
10 sserting before subsection (b) (as so redesignated) the fol-
11 lowing new subsection:

12 “(a) SHORT TITLE.—This title may be cited as the
13 ‘Tax Cuts and Jobs Act’.”.

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