117TH CONGRESS
1ST SESSION

S. 126

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

JANUARY 28, 2021

Mr. CRUZ (for himself, Ms. ERNST, Mr. BRAUN, and Mr. INHOFE) introduced the following bill; which was read twice and referred to the Committee on Finance

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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.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. PERMANENT MODIFICATION OF INDIVIDUAL RATE BRACKETS.

(a) MARRIED INDIVIDUALS FILING JOINT RETURNS AND SURVIVING SPOUSES.—The table contained in subsection (a) of section 1 of the Internal Revenue Code of 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.”.

(b) HEADS OF HOUSEHOLDS.—The table contained in subsection (b) of section 1 of the Internal Revenue Code 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.”.

(c) UNMARRIED INDIVIDUALS OTHER THAN SURVIVING SPOUSES AND HEADS OF HOUSEHOLDS.—The table contained in subsection (c) of section 1 of the Internal 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.".

(d) MARRIED INDIVIDUALS FILING SEPARATE RETURNS.—The table contained in subsection (d) of section 1 of the Internal 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.
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.".

(e) ESTATES AND TRUSTS.—The table contained in subsection (e) of section 1 of the Internal Revenue Code 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.".

(f) ADJUSTMENT FOR INFLATION.—Subsection (f) of section 1 of the Internal Revenue Code of 1986 is amended—

(1) by striking ''1993'' in paragraph (1) and inserting ''2018'',

(2) by striking ''determined—'' and all that follows in paragraph (2)(A) and inserting ''determined by substituting '2017' for '2016' in paragraph (3)(A)(ii),'',

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

(4) by striking ''MARRIED INDIVIDUALS FILING SEPARATELY'' in the heading of subparagraph (B) of paragraph (7) and inserting ''CERTAIN UNMARRIED INDIVIDUALS'', and

(5) by striking paragraph (8).

(g) CAPITAL GAINS BRACKETS.—Subsection (h) of section 1 of the Internal Revenue Code of 1986 is amended—

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

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

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

"(12) MAXIMUM AMOUNTS DEFINED.—For purposes of this subsection—

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

"(i) in the case of a joint return or surviving spouse, $77,200,

"(ii) in the case of an individual who is a head of household (as defined in section 2(b)), $51,700,

"(iii) in the case of any other individual (other than an estate or trust), an amount equal to ½ of the amount in effect for the taxable year under clause (i), and

"(iv) in the case of an estate or trust, $2,600.

"(B) MAXIMUM 15-PERCENT RATE AMOUNT.—The maximum 15-percent rate amount shall be—

"(i) in the case of a joint return or surviving spouse, \$479,000 (½ such amount in the case of a married individual filing a separate return),

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

"(iii) in the case of any other individual (other than an estate or trust), \$425,800, and

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

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

"(i) such dollar amount, multiplied by

"(ii) the cost-of-living adjustment determined under subsection (f)(3) for the calendar year in which the taxable year begins, determined by substituting 'calendar year 2017' for 'calendar year 2016' in subparagraph (A)(ii) thereof.

If any increase under this subparagraph is not a multiple of $50, such increase shall be rounded to the next lowest multiple of $50.''.

(h) CONFORMING AMENDMENTS.—

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

(2) Section 3402(q)(1) of such Code is amended by striking ''third lowest'' and inserting ''fourth lowest''.

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

(j) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2020.

SEC. 2. PERMANENT EXTENSION OF DEDUCTION FOR QUALIFIED BUSINESS INCOME OF PASS-THRU ENTITIES.

(a) IN GENERAL.—Section 199A of the Internal Revenue Code of 1986 is amended by striking subsection (i).

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2020.

SEC. 3. PERMANENT EXTENSION OF LIMITATION ON LOSSES FOR TAXPAYERS OTHER THAN CORPORATIONS.

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

"(1) LIMITATION.—In the case of taxable year of a taxpayer other than a corporation, any excess business loss of the taxpayer for the taxable year shall not be allowed.".

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

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2020.

SEC. 4. PERMANENT EXTENSION OF INCREASE IN STANDARD DEDUCTION.

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

(1) by striking "$4,400" in subparagraph (B) and inserting "$18,800", and

(2) by striking "$3,000" in subparagraph (C) and inserting "$12,000".

(b) INFLATION ADJUSTMENT.—Paragraph (4) of section 63(c) of the Internal Revenue Code of 1986 is amended to read as follows:

"(4) ADJUSTMENTS FOR INFLATION.—

"(A) IN GENERAL.—In the case of any taxable year beginning in a calendar year after 2018, the $18,000 and $12,000 amounts in subparagraph (A) shall each be increased by an amount equal to—

"(i) such dollar amount, multiplied by

"(ii) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, by substituting '2017' for '2016' in subparagraph (A)(ii) thereof.

"(B) CERTAIN AMOUNTS.—In the case of any taxable year beginning in a calendar year after 1988, each dollar amount contained in paragraph (5) or subsection (f) shall be increased by an amount equal to—

"(i) such dollar amount, multiplied by

"(ii) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, by substituting for 'calendar year 2016' in subparagraph (A)(ii) thereof—

"(I) 'calendar year 1987' in the case of the dollar amounts contained in paragraph (5)(A) or subsection (f), and

"(II) 'calendar year 1997' in the case of the dollar amount contained in paragraph (5)(B).".

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

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2020.

SEC. 5. PERMANENT INCREASE AND MODIFICATION OF CHILD TAX CREDIT.

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

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

"(2) THRESHOLD AMOUNT.—For purposes of paragraph (1), the term 'threshold amount' means—

"(A) $400,000 in the case of a joint return, and

"(B) $200,000 in any other case.".

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

"(h) PARTIAL CREDIT ALLOWED FOR CERTAIN OTHER DEPENDENTS.—

"(1) IN GENERAL.—The credit determined under subsection (a) shall be increased by $500 for each dependent of the taxpayer (as defined in section 7706) other than a qualifying child described in subsection (c).

"(2) EXCEPTION FOR CERTAIN NONCITIZENS.—Paragraph (1) shall not apply with respect to any individual who would not be a dependent if subparagraph (A) of section 7706(b)(3) were applied without regard to all that follows 'resident of the United States'.

"(3) CERTAIN QUALIFYING CHILDREN.—In the case of any qualifying child with respect to whom a credit is not allowed under this section by reason of subsection (e)(1), such child shall be treated as a dependent to whom subparagraph (A) applies.".

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

"(3) LIMITATION.—

"(A) IN GENERAL.—The amount determined under paragraph (1)(A) with respect to any qualifying child shall not exceed $1,400, and such paragraph shall be applied without regard to subsection (h).

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

"(i) such dollar amount, multiplied by

"(ii) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting '2017' for '2016' in subparagraph (A)(ii) thereof.

If any increase under this clause is not a multiple of $100, such increase shall be rounded to the next lowest multiple of $100.".

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

Code of 1986 is amended by striking "$3,000" and inserting "$2,500".

(f) SOCIAL SECURITY NUMBER REQUIRED.—Paragraph (1) of section 24(e) of the Internal Revenue Code of 1986 is amended to read as follows:

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

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

"(B) before the due date for such return.".

(g) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2020.

SEC. 6. PERMANENT EXTENSION OF INCREASED LIMITATION FOR CERTAIN CHARITABLE CONTRIBUTIONS.

(a) IN GENERAL.—Section 170(b)(1)(G) of the Internal Revenue Code of 1986 is amended—

(1) by striking "for any taxable year beginning after December 31, 2017, and before January 1, 2026," in clause (i),

(2) by striking "for any taxable year described in such clause" in clause (ii), and

(3) by striking "For each taxable year described in clause (i), and each taxable year to which any contribution under this subparagraph is carried over under clause (ii), subparagraph (A)" in clause (iii) and inserting "Subparagraph (A)".

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

SEC. 7. PERMANENT EXTENSION OF INCREASED CONTRIBUTIONS TO ABLE ACCOUNTS.

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

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

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

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

(a) IN GENERAL.—Section 529(c)(3)(C)(i)(III) is amended by striking ‘‘before January 1, 2026,’’.

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

SEC. 9. PERMANENT EXTENSION OF TREATMENT OF CERTAIN INDIVIDUALS PERFORMING SERVICES IN THE SINAI PENINSULA OF EGYPT.

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

(1) by striking ‘‘beginning before January 1, 2026’’ in paragraph (1)(B), and

(2) by striking ‘‘beginning before January 1, 2026’’ in paragraph (2)(B).

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

SEC. 10. PERMANENT EXTENSION OF TREATMENT OF STUDENT LOANS DISCHARGED ON ACCOUNT OF DEATH OR DISABILITY.

(a) IN GENERAL.—Subparagraph (A) of section 108(f)(5) of the Internal Revenue Code of 1986 is amended by striking "and before January 1, 2026,".

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to discharges of indebtedness after December 31, 2020.

SEC. 11. REPEAL OF DEDUCTION FOR PERSONAL EXEMPTIONS.

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

(b) DEFINITION OF DEPENDENT RETAINED.—Section 152 of the Internal Revenue Code of 1986, prior to repeal by subsection (a), is hereby redesignated as section 7706 of such Code and moved to the end of chapter 79 of such Code.

(c) APPLICATION TO ESTATES AND TRUSTS.—Subparagraph (C) of section 642(b)(2) of the Internal Revenue Code of 1986 is amended—

(1) by striking "the exemption amount under section 151(d)" in clause (i) and inserting "$4,150", and

(2) by striking clause (iii) and inserting the following:

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

"(I) such dollar amount, multiplied by

"(II) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable begins, determined by substituting '2017' for '2016' in subparagraph (A)(ii) thereof.

If any increase determined under the preceding sentence is not a multiple of $100, such increase shall be rounded to the next lowest multiple of $100.".

(d) APPLICATION TO NONRESIDENT ALIENS.—Section 873(b) of the Internal Revenue Code of 1986 is amended by striking paragraph (3).

(e) MODIFICATION OF RETURN REQUIREMENT.—

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

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

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

"(A) an individual who is not married (determined by applying section 7703) and who has gross income for the taxable year which does not exceed the standard deduction applicable to such individual for such taxable year under section 63, or

"(B) an individual entitled to make a joint return if—

"(i) the gross income of such individual, when combined with the gross income of such individual's spouse, for the taxable year does not exceed the standard deduction which would be applicable to the taxpayer for such taxable year under section 63 if such individual and such individual's spouse made a joint return,

"(ii) such individual and such individual's spouse have the same household as their home at the close of the taxable year,

"(iii) such individual's spouse does not make a separate return, and "(iv) neither such individual nor such individual's spouse is an individual described in section 63(c)(2) who has income (other than earned income) in excess of the amount in effect under section 63(c)(2)(A).", and

(B) by striking subsection (f).

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

(f) CONFORMING AMENDMENTS.—

(1) Section 2(a)(1)(B) of the Internal Revenue Code of 1986 is amended by striking "a dependent" and all that follows through "section 151" and inserting "a dependent who (within the meaning of section 7706, determined without regard to subsections (b)(1), (b)(2), and (d)(1)(B) thereof) is a son, stepson, daughter, or stepdaughter of the taxpayer".

(2) Section 36B(b)(2)(A) of such Code is amended by striking "section 152" and inserting "section 7706".

(3) Section 36B(b)(3)(B) of such Code is amended by striking ‘‘unless a deduction is allowed under section 151 for the taxable year with respect to a dependent’’ in the flush matter at the end and inserting ‘‘unless the taxpayer has a dependent for the taxable year’’.

(4) Section 36B(c)(1)(D) of such Code is amended by striking ‘‘with respect to whom a deduction under section 151 is allowable to another taxpayer’’ and inserting ‘‘who is a dependent of another taxpayer’’.

(5) Section 36B(d)(1) of such Code is amended by striking ‘‘equal to the number of individuals for whom the taxpayer is allowed a deduction under section 151 (relating to allowance of deduction for personal exemptions) for the taxable year’’ and inserting ‘‘the sum of 1 (2 in the case of a joint return) plus the number of the taxpayer's dependents for the taxable year’’.

(6) Section 36B(e)(1) of such Code is amended by striking ‘‘1 or more individuals for whom a taxpayer is allowed a deduction under section 151 (relating to allowance of deduction for personal exemptions) for the taxable year (including the taxpayer or his spouse)’’ and inserting ‘‘1 or more of the tax-

payer, the taxpayer's spouse, or any dependent of the taxpayer''.

(7) Section 42(i)(3)(D)(ii)(I) of such Code is amended—

(A) by striking ''section 152'' and inserting ''section 7706'', and

(B) by striking the period at the end and inserting a comma.

(8) Section 63(b) of such Code is amended by striking ''minus—'' and all that follows and inserting ''minus the standard deduction.''.

(9) Section 63(d) of such Code is amended by striking ''other than—'' and all that follows and inserting ''other than the deductions allowable in arriving at adjusted gross income.''.

(10) Section 72(t)(2)(D)(i)(III) of such Code is amended by striking ''section 152'' and inserting ''section 7706''.

(11) Section 72(t)(7)(A)(iii) of such Code is amended by striking ''section 152(f)(1)'' and inserting ''section 7706(f)(1)''.

(12) Section 105(b) of such Code is amended—

(A) by striking ''as defined in section 152'' and inserting ''as defined in section 7706'',

(B) by striking "section 152(f)(1)" and inserting "section 7706(f)(1)", and

(C) by striking "section 152(e)" and inserting "section 7706(e)".

(13) Section 105(c)(1) of such Code is amended by striking "section 152" and inserting "section 7706".

(14) Section 125(e)(1)(D) of such Code is amended by striking "section 152" and inserting "section 7706".

(15) Section 129(c) of such Code is amended—

(A) by striking "with respect to whom, for such taxable year, a deduction is allowable under section 151(c) (relating to personal exemptions for dependents) to" in paragraph (1) and inserting "who is a dependent of", and

(B) by striking "section 152(f)(1)" in paragraph (2) and inserting "section 7706(f)(1)".

(16) Section 132(h)(2)(B) of such Code is amended—

(A) by striking "section 152(f)(1)" and inserting "section 7706(f)(1)", and

(B) by striking "section 152(e)" and inserting "section 7706(e)".

(17) Section 139D(c)(5) of such Code is amended by striking "section 152" and inserting "section 7706".

(18) Section 162(l)(1)(D) of such Code is amended by striking "section 152(f)(1)" and inserting "section 7706(f)(1)".

(19) Section 170(g)(1) of such Code is amended by striking "section 152" and inserting "section 7706".

(20) Section 170(g)(3) of such Code is amended by striking "section 152(d)(2)" and inserting "section 7706(d)(2)".

(21) Section 172(d) of such Code is amended by striking paragraph (3).

(22) Section 220(b)(6) of such Code is amended by striking "with respect to whom a deduction under section 151 is allowable to" and inserting "who is a dependent of".

(23) Section 220(d)(2)(A) of such Code is amended by striking "section 152" and inserting "section 7706".

(24) Section 223(b)(6) of such Code is amended by striking "with respect to whom a deduction under section 151 is allowable to" and inserting "who is a dependent of".

(25) Section 223(d)(2)(A) of such Code is amended by striking "section 152" and inserting "section 7706".

(26) Section 401(h) of such Code is amended by striking "section 152(f)(1)" in the last sentence and inserting "section 7706(f)(1)".

(27) Section 402(l)(4)(D) of such Code is amended by striking "section 152" and inserting "section 7706".

(28) Section 409A(a)(2)(B)(ii)(I) of such Code is amended by striking "section 152(a)" and inserting "section 7706(a)".

(29) Section 501(c)(9) of such Code is amended by striking "section 152(f)(1)" and inserting "section 7706(f)(1)".

(30) Section 529(e)(2)(B) of such Code is amended by striking "section 152(d)(2)" and inserting "section 7706(d)(2)".

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

(32) Section 874 of such Code is amended by striking subsection (b) and by redesignating subsection (c) as subsection (b).

(33) Section 891 of such Code is amended by striking "under section 151 and".

(34) Section 904(b) of such Code is amended by striking paragraph (1).

(35) Section 931(b)(1) of such Code is amended by striking "(other than the deduction under section 151, relating to personal exemptions)".

(36) Section 933 of such Code is amended—

(A) by striking "(other than the deduction under section 151, relating to personal exemptions)" in paragraph (1), and

(B) by striking "(other than the deduction for personal exemptions under section 151)" in paragraph (2).

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

"(ii) in the case of an estate or trust, the deduction allowed for such year under section 642(b).".

(38) Section 1361(c)(1)(C) of such Code is amended by striking "section 152(f)(1)(C)" and inserting "section 7706(f)(1)(C)".

(39) Section 1402(a) of such Code is amended by striking paragraph (7).

(40) Section 2032A(c)(7)(D) of such Code is amended by striking ''section 152(f)(2)'' and inserting ''section 7706(f)(2)''.

(41) Section 3402(m)(1) of such Code is amended by striking ''other than the deductions referred to in section 151 and''.

(42) Section 3402(r)(2) of such Code is amended by striking ''the sum of—'' and all that follows and inserting ''the standard deduction in effect under section 63(c)(1)(B).''.

(43) Section 5000A(b)(3)(A) of such Code is amended by striking ''section 152'' and inserting ''section 7706''.

(44) Section 5000A(c)(4)(A) of such Code is amended by striking ''the number of individuals for whom the taxpayer is allowed a deduction under section 151 (relating to allowance of deduction for personal exemptions) for the taxable year'' and inserting ''the sum of 1 (2 in the case of a joint return) plus the number of the taxpayer's dependents for the taxable year''.

(45) Section 6013(b)(3)(A) of such Code is amended—

(A) by striking "had less than the exemption amount of gross income" in clause (ii) and inserting "had no gross income",

(B) by striking "had gross income of the exemption amount or more" in clause (iii) and inserting "had any gross income", and

(C) by striking the flush language following clause (iii).

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

"(iii) the number of the taxpayer's dependents,".

(47) Section 6213(g)(2) of such Code is amended by striking subparagraph (H).

(48) Section 6334(d)(2) of such Code is amended to read as follows:

"(2) EXEMPT AMOUNT.—

"(A) IN GENERAL.—For purposes of paragraph (1), the term 'exempt amount' means an amount equal to—

"(i) the sum of the amount determined under subparagraph (B) and the standard deduction, divided by

"(ii) 52.

"(B) AMOUNT DETERMINED.—For purposes of subparagraph (A), the amount determined under this subparagraph is $4,150 multiplied by the number of the taxpayer's dependents for the taxable year in which the levy occurs.

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

"(i) such dollar amount, multiplied by

"(ii) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, by substituting 'calendar year 2017' for 'calendar year 2016' in subparagraph (A) thereof.

If any increase determined under the preceding sentence is not a multiple of $100, such increase shall be rounded to the next lowest multiple of $100.

"(D) VERIFIED STATEMENT.—Unless the taxpayer submits to the Secretary a written and properly verified statement specifying the facts necessary to determine the proper amount under subparagraph (A), subparagraph (A) shall be applied as if the taxpayer were a married individual filing a separate return with no dependents.''.

(49) Section 7702B(f)(2)(C)(iii) of such Code is amended by striking ''section 152(d)(2)'' and inserting ''section 7706(d)(2)''.

(50) Section 7703(a) of such Code is amended by striking ''part V of subchapter B of chapter 1 and''.

(51) Section 7703(b)(1) of such Code is amended by striking ''section 152(f)(1)'' and all that follows and inserting ''section 7706(f)(1),''.

(52) Section 7706(a) of such Code, as redesignated by this section, is amended by striking ''this subtitle'' and inserting ''subtitle A''.

(53)(A) Section 7706(d)(1)(B) of such Code, as redesignated by this section, is amended by striking ''the exemption amount (as defined in section 151(d))'' and inserting ''$4,150''.

(B) Section 7706(d) of such Code, as redesignated by this section, is amended by adding at the end the following new paragraph:

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

"(A) such dollar amount, multiplied by

"(B) the cost-of-living adjustment determined under section 1(f)(3) for such calendar year, determined by substituting 'calendar year 2017' for 'calendar year 2016' in subparagraph (A)(ii) thereof.

If any increase determined under the preceding sentence is not a multiple of $100, such increase shall be rounded to the next lowest multiple of $100.".

(54) The table of sections for chapter 79 of such Code is amended by adding at the end the following new item:

"Sec. 7706. Dependent defined.".

(g) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2020.

SEC. 12. PERMANENT EXTENSION OF LIMITATION ON DEDUCTION FOR STATE AND LOCAL, ETC., TAXES.

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

(1) by striking ", and before January 1, 2026", and

(2) by striking "2018 THROUGH 2025" in the heading and inserting "AFTER 2017".

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2020.

SEC. 13. PERMANENT EXTENSION OF LIMITATION ON DEDUCTION FOR QUALIFIED RESIDENCE INTEREST.

(a) REPEAL OF HOME EQUITY INDEBTEDNESS.—

(1) IN GENERAL.—Section 163(h)(3)(A) of the Internal Revenue Code of 1986 is amended by striking "during the taxable year on" and all that follows through "For purposes of" and inserting "during the taxable year on acquisition indebtedness with respect to any qualified principal residence of the taxpayer. For purposes of".

(2) CONFORMING AMENDMENT.—Section 163(h)(3) of such Code is amended by striking subparagraph (C).

(b) LIMITATION ON ACQUISITION INDEBTEDNESS.—

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

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

"(C) TREATMENT OF INDEBTEDNESS INCURRED ON OR BEFORE DECEMBER 15, 2017; REFINANCINGS.—

"(i) IN GENERAL.—In the case of any indebtedness incurred on or before December 15, 2017, subparagraph (B)(ii) shall apply as in effect immediately before the enactment of the Public Law 115–97, and, in applying such subparagraph to any indebtedness incurred after such date, the limitation under such subparagraph shall be reduced (but not below zero) by the amount of any indebtedness incurred on or before December 15, 2017, which is treated as acquisition indebtedness for purposes of this subsection for the taxable year.

"(ii) BINDING CONTRACT EXCEPTION.—In the case of a taxpayer who enters into a written binding contract before

December 15, 2017, to close on the purchase of a principal residence before January 1, 2018, and who purchases such residence before April 1, 2018, subclause (III) shall be applied by substituting 'April 1, 2018' for 'December 15, 2017'.

"(iii) TREATMENT OF REFINANCINGS OF INDEBTEDNESS.—

"(I) IN GENERAL.—In the case of any indebtedness which is incurred to refinance indebtedness, such refinanced indebtedness shall be treated for purposes of clause (i) as incurred on the date that the original indebtedness was incurred to the extent the amount of the indebtedness resulting from such refinancing does not exceed the amount of the refinanced indebtedness.

"(II) LIMITATION ON PERIOD OF REFINANCING.—Subclause (I) shall not apply to any indebtedness after the expiration of the term of the original indebtedness or, if the principal of such original indebtedness is not amortized over its term, the expiration of the term of the 1st refinancing of such indebtedness (or if earlier, the date which is 30 years after the date of such 1st refinancing).''.

(c) COORDINATION WITH EXCLUSION OF INCOME FROM DISCHARGE OF INDEBTEDNESS.—Section 108(h)(2) of the Internal Revenue Code of 1986 is amended by striking '', applied by substituting'' and all that follows through ''section 163(h)(3)(F)(i)(II)''.

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

(1) in the heading of subparagraph (D)(ii), by striking ''$1,000,000'', and

(2) by striking subparagraph (F).

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2020.

SEC. 14. PERMANENT EXTENSION OF MODIFICATIONS TO DEDUCTION FOR PERSONAL CASUALTY LOSSES.

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

(1) by striking '', and before January 1, 2026'' in subparagraph (A), and

(2) by striking "2018 THROUGH 2025" in the heading and inserting "AFTER 2017".

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to losses incurred in taxable years beginning after December 31, 2020.

SEC. 15. REPEAL OF MISCELLANEOUS ITEMIZED DEDUCTIONS.

(a) IN GENERAL.—Section 67 of the Internal Revenue Code of 1986 is amended—

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

"(a) GENERAL RULE.—No miscellaneous itemized deduction shall be allowed for any taxable year beginning after December 31, 2017.",

(2) by striking subsection (g), and

(3) by striking "**2-PERCENT FLOOR ON**" in the heading and inserting "**TREATMENT OF**".

(b) CONFORMING AMENDMENT.—The table of sections for part I of subchapter B of chapter 1 of the Internal Revenue Code of 1986 is amended by striking "2-percent floor on" in the item relating to section 67 and inserting "Treatment of".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2020.

SEC. 16. REPEAL OF OVERALL LIMITATION ON ITEMIZED DEDUCTIONS.

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

(b) CONFORMING AMENDMENTS.—

(1) Section 1(f)(7) of the Internal Revenue Code of 1986 is amended by striking "section 68(b)(2),".

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

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

(4) Section 642(b)(2)(C)(i)(I) of such Code is amended by striking "as an individual described in section 68(b)(1)(C)" and inserting "as an individual who is not married and who is not a surviving spouse or head of household".

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

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2020.

SEC. 17. REPEAL OF EXCLUSION FOR QUALIFIED BICYCLE COMMUTING REIMBURSEMENT.

(a) IN GENERAL.—Section 132(f)(1) of the Internal Revenue Code of 1986 is amended by striking subparagraph (D).

(b) CONFORMING AMENDMENTS.—

(1) Section 132(f)(2) of the Internal Revenue Code of 1986 is amended by inserting ‘‘and’’ at the end of subparagraph (A), by striking ‘‘, and’’ at the end of subparagraph (B) and inserting a period, and by striking subparagraph (C).

(2) Section 132(f)(4) of such Code is amended by striking ‘‘(other than a qualified bicycle commuting reimbursement)’’.

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

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

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2020.

SEC. 18. PERMANENT EXTENSION OF MODIFICATION OF EXCLUSION FOR QUALIFIED MOVING EXPENSE REIMBURSEMENT.

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

(1) in paragraph (1), by striking ''individual'' and inserting ''qualified military member'', and

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

''(2) QUALIFIED MILITARY MEMBER.—For purposes of paragraph (1), the term 'qualified military member' means a member of the Armed Forces of the United States on active duty who moves pursuant to a military order and incident to a permanent change of station.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2020.

SEC. 19. REPEAL OF DEDUCTION FOR MOVING EXPENSES.

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

''(a) DEDUCTION ALLOWED.—There shall be allowed as a deduction moving expenses paid or incurred during the taxable year in connection with the commencement of work by a member of the Armed Forces of the United

States on active duty who moves pursuant to a military order and incident to a permanent change of station.''.

(b) CONFORMING AMENDMENTS.—

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

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

(B) by redesignating subsections (g), (h), and (j) as subsections (c), (d), and (e), respectively, and

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

(i) by striking paragraph (1) and redesignating paragraphs (2) and (3) as paragraphs (1) and (2), respectively, and

(ii) in paragraph (2) (as so redesignated), by striking ''moving expenses of his spouse and dependents'' and all that follows and inserting ''moving expenses of his spouse and dependents as if his spouse commenced work as an employee at a new principal place of work at such location.''.

(2) Section 23 of such Code is amended by striking ''217(h)(3)'' each place it appears in subsections (d)(3) and (e) and inserting ''217(d)(3)''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2020.

SEC. 20. PERMANENT EXTENSION OF LIMITATION ON WAGERING LOSSES.

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

(b) EFFECTIVE DATE.—The amendments made by this section shall not apply to taxable years beginning after December 31, 2020.

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

(a) IN GENERAL.—Section 2010(c)(3)(A) of the Internal Revenue Code of 1986 is amended by striking "$5,000,000" and inserting "$10,000,000".

(b) CONFORMING AMENDMENTS.—

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

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

"(g) MODIFICATIONS TO GIFT TAX PAYABLE TO REFLECT DIFFERENT TAX RATES.—For purposes of applying subsection (b)(2) with respect to 1 or more gifts, the rates of tax under subsection (c) in effect at the decedent's death shall, in lieu of the rates of tax in effect at the time of such gifts, be used both to compute—

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

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

"(A) the applicable credit amount under section 2505(a)(1), and

"(B) the sum of the amounts allowed as a credit for all preceding periods under section 2505(a)(2).".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to estates of decedents dying and gifts made after December 31, 2020.

SEC. 22. INCREASE IN ALTERNATIVE MINIMUM TAX EXEMPTION MADE PERMANENT.

(a) IN GENERAL.—Section 55(d) of the Internal Revenue Code of 1986 is amended—

(1) in paragraph (1)—

(A) by striking "$78,750" in subparagraph (A) and inserting "$109,400", and

(B) by striking "$50,600" in subparagraph (B) and inserting "$70,300", and

(2) in paragraph (2)—

(A) by striking "$150,000" in subparagraph (A) and inserting "$1,000,000", and

(B) by striking subparagraphs (B) and (C) and inserting the following:

"(B) 50 percent of the dollar amount applicable under subparagraph (A) in the case of a taxpayer described in subparagraph (B) or (C) of paragraph (1), and

"(C) 50 percent of $150,000 in the case of a taxpayer described in paragraph (1)(D).".

(b) INFLATION ADJUSTMENT.—

(1) IN GENERAL.—Section 55(d)(3)(A)(ii) of the Internal Revenue Code of 1986 is amended to read as follows:

"(ii) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, by substituting for 'calendar year 2016' in subparagraph (A)(ii) thereof—

"(I) 'calendar year 2011' in the case of the dollar amounts described in clauses (i), (iv), and (v) of subparagraph (B), and

"(II) 'calendar year 2017' in the case of the dollar amounts described in clauses (ii) and (iii) of subparagraph (B).".

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

(A) by striking "subparagraphs (A), (B), and (D) of paragraph (1), and" in clause (ii) and inserting "subparagraphs (A) and (B) of paragraph (1),",

(B) by striking "subparagraphs (A) and (B) of paragraph (2)." in clause (iii) and inserting "paragraph (2)(A),", and

(C) by adding at the end the following:

"(iv) the dollar amount contained in paragraph (1)(D), and

"(v) the dollar amount contained in paragraph (2)(C).".

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

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2020.

SEC. 23. TECHNICAL AMENDMENT.

Section 11000 of Public Law 115–97 is amended by redesignating subsection (a) as subsection (b) and by inserting before subsection (b) (as so redesignated) the following new subsection:

"(a) SHORT TITLE.—This title may be cited as the 'Tax Cuts and Jobs Act'.".

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