

116TH CONGRESS
1ST SESSION

H. R. 3287

To amend the Internal Revenue Code of 1986 to provide for permanent disaster relief.

IN THE HOUSE OF REPRESENTATIVES

JUNE 13, 2019

Mr. RICE of South Carolina introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to provide for permanent disaster relief.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Tax Relief and Expe-
5 dited Assistance for Disasters Act of 2019” or the
6 “TREAD Act”.

7 **SEC. 2. DEFINITIONS.**

8 For purposes of this Act—

9 (1) **QUALIFIED DISASTER AREA.**—

1 (A) IN GENERAL.—The term “qualified
2 disaster area” means any area with respect to
3 which a major disaster was declared on or after
4 January 1, 2018, by the President under sec-
5 tion 401 of the Robert T. Stafford Disaster Re-
6 lief and Emergency Assistance Act if the inci-
7 dent period of the disaster with respect to
8 which such declaration is made begins on or
9 after January 1, 2018.

10 (B) EXCEPTION.—Such term shall not in-
11 clude the California wildfire disaster area (as
12 defined in section 20101 of subdivision 2 of di-
13 vision B of the Bipartisan Budget Act of 2018).

14 (2) QUALIFIED DISASTER ZONE.—The term
15 “qualified disaster zone” means that portion of any
16 qualified disaster area which is determined by the
17 President to warrant individual or individual and
18 public assistance from the Federal Government
19 under the Robert T. Stafford Disaster Relief and
20 Emergency Assistance Act by reason of the qualified
21 disaster with respect to such disaster area.

22 (3) QUALIFIED DISASTER.—The term “quali-
23 fied disaster” means, with respect to any qualified
24 disaster area, the disaster by reason of which a

1 major disaster was declared with respect to such
2 area.

3 (4) INCIDENT PERIOD.—The term “incident pe-
4 riod” means, with respect to any qualified disaster,
5 the period specified by the Federal Emergency Man-
6 agement Agency as the period during which such
7 disaster occurred.

8 **SEC. 3. SPECIAL DISASTER-RELATED RULES FOR USE OF**
9 **RETIREMENT FUNDS.**

10 (a) TAX-FAVORED WITHDRAWALS FROM RETIRE-
11 MENT PLANS.—

12 (1) IN GENERAL.—Section 72(t)(2) of the In-
13 ternal Revenue Code of 1986 is amended by adding
14 at the end the following new subparagraph:

15 “(H) DISTRIBUTIONS FROM RETIREMENT
16 PLANS IN CONNECTION WITH FEDERALLY DE-
17 CLARED DISASTERS.—Any qualified disaster
18 distribution.”.

19 (2) QUALIFIED DISASTER DISTRIBUTION.—Sec-
20 tion 72(t) of such Code is amended by adding at the
21 end the following new paragraph:

22 “(11) QUALIFIED DISASTER DISTRIBUTIONS.—
23 For purposes of paragraph (2)(H)—

24 “(A) IN GENERAL.—Except as provided in
25 paragraph (2), the term ‘qualified disaster dis-

tribution’ means any distribution from an eligible retirement plan made after the incident beginning date of a qualified disaster and on or before December 31 of the year after the year in which the incident period with respect to the disaster begins, to an individual whose principal place of abode at any time during the incident period of such qualified disaster is located in the qualified disaster area with respect to such qualified disaster and who has sustained an economic loss by reason of such qualified disaster.

“(B) LIMITATION.—

“(i) IN GENERAL.—The aggregate amount of distributions received by an individual which may be treated as qualified disaster distributions for any taxable year shall not exceed the excess (if any) of—

“(I) \$100,000, over

“(II) the aggregate amounts treated as qualified disaster distributions received by such individual for all prior taxable years.

“(ii) TREATMENT OF PLAN DISTRIBUTIONS.—If a distribution to an individual

1 would (without regard to clause (i)) be a
2 qualified disaster distribution, a plan shall
3 not be treated as violating any requirement
4 of this title merely because the plan treats
5 such distribution as a qualified disaster
6 distribution, unless the aggregate amount
7 of such distributions from all plans main-
8 tained by the employer (and any member
9 of any controlled group which includes the
10 employer) to such individual exceeds
11 \$100,000.

12 “(iii) CONTROLLED GROUP.—For pur-
13 poses of clause (ii), the term ‘controlled
14 group’ means any group treated as a single
15 employer under subsection (b), (c), (m), or
16 (o) of section 414.

17 “(iv) SPECIAL RULE FOR INDIVIDUALS
18 AFFECTED BY MORE THAN ONE DIS-
19 ASTER.—The limitation of clause (i) shall
20 be applied separately with respect to dis-
21 tributions made with respect to each quali-
22 fied disaster.

23 “(C) AMOUNT DISTRIBUTED MAY BE RE-
24 PAID.—

1 “(i) IN GENERAL.—Any individual
2 who receives a qualified disaster distribu-
3 tion may, at any time during the 3-year
4 period beginning on the day after the date
5 on which such distribution was received,
6 make one or more contributions in an ag-
7 gregate amount not to exceed the amount
8 of such distribution to an eligible retire-
9 ment plan of which such individual is a
10 beneficiary and to which a rollover con-
11 tribution of such distribution could be
12 made under section 402(c), 403(a)(4),
13 403(b)(8), 408(d)(3), or 457(e)(16), as the
14 case may be.

15 “(ii) TREATMENT OF REPAYMENTS OF
16 DISTRIBUTIONS FROM ELIGIBLE RETIRE-
17 MENT PLANS OTHER THAN IRAS.—If a
18 contribution is made pursuant to clause (i)
19 with respect to a qualified disaster dis-
20 tribution from an eligible retirement plan
21 other than an individual retirement plan,
22 then the taxpayer shall, to the extent of
23 the amount of the contribution, be treated
24 as having received the qualified disaster
25 distribution in an eligible rollover distribu-

tion (as defined in section 402(c)(4) of such Code) and as having transferred the amount to the eligible retirement plan in a direct trustee to trustee transfer within 60 days of the distribution.

“(iii) TREATMENT OF REPAYMENTS OF DISTRIBUTIONS FROM IRAS.—If a contribution is made pursuant to clause (i) with respect to a qualified disaster distribution from an individual retirement plan, then, to the extent of the amount of the contribution, the qualified disaster distribution shall be treated as a distribution described in section 408(d)(3) and as having been transferred to the eligible retirement plan in a direct trustee to trustee transfer within 60 days of the distribution.

“(D) INCOME INCLUSION SPREAD OVER 3-YEAR PERIOD.—

“(i) IN GENERAL.—In the case of any qualified disaster distribution, unless the taxpayer elects not to have this paragraph apply for any taxable year, any amount required to be included in gross income for such taxable year shall be so included rat-

ably over the 3-taxable-year period beginning with such taxable year.

“(ii) SPECIAL RULE.—For purposes of clause (i), rules similar to the rules of section 408A(d)(3)(E) shall apply.

“(E) SPECIAL RULES.—

“(i) EXEMPTION OF DISTRIBUTIONS FROM TRUSTEE TO TRUSTEE TRANSFER AND WITHHOLDING RULES.—For purposes of sections 401(a)(31), 402(f), and 3405, qualified disaster distributions shall not be treated as eligible rollover distributions.

“(ii) QUALIFIED DISASTER DISTRIBUTIONS TREATED AS MEETING PLAN DISTRIBUTION REQUIREMENTS.—A qualified disaster distribution shall be treated as meeting the requirements of sections 401(k)(2)(B)(I), 403(b)(7)(A)(ii), 403(b)(11), and 457(d)(1)(A).

“(F) DISASTER DEFINITIONS.—Any term which is used in this paragraph and is also defined in section 2 of the Tax Relief and Expedited Assistance for Disasters Act of 2019 shall have the meaning given such term in such section.”.

1 (b) RECONTRIBUTIONS OF WITHDRAWALS FOR
2 HOME PURCHASES.—

3 (1) RECONTRIBUTIONS.—

4 (A) IN GENERAL.—Any individual who re-
5 ceived a qualified distribution may, during the
6 applicable period, make one or more contribu-
7 tions in an aggregate amount not to exceed the
8 amount of such qualified distribution to an eli-
9 gible retirement plan (as defined in section
10 402(c)(8)(B) of the Internal Revenue Code of
11 1986) of which such individual is a beneficiary
12 and to which a rollover contribution of such dis-
13 tribution could be made under section 402(c),
14 403(a)(4), 403(b)(8), or 408(d)(3), of such
15 Code, as the case may be.

16 (B) TREATMENT OF REPAYMENTS.—Rules
17 similar to the rules of subparagraphs (B) and
18 (C) of subsection (a)(3) shall apply for purposes
19 of this subsection.

20 (2) QUALIFIED DISTRIBUTION.—For purposes
21 of this subsection, the term “qualified distribution”
22 means any distribution—

23 (A) described in section
24 401(k)(2)(B)(i)(IV), 403(b)(7)(A)(ii) (but only
25 to the extent such distribution relates to finan-

1 cial hardship), 403(b)(11)(B), or 72(t)(2)(F),
2 of the Internal Revenue Code of 1986,

3 (B) which was to be used to purchase or
4 construct a principal residence in a qualified
5 disaster area, but which was not so used on ac-
6 count of the qualified disaster with respect to
7 such area, and

8 (C) which was received on or after the date
9 that is 270 days before the first day of incident
10 period of the disaster, and before the date
11 which is 30 days after the last day of the inci-
12 dent period of such qualified disaster.

13 (3) APPLICABLE PERIOD.—For purposes of this
14 subsection, the term “applicable period” means, with
15 respect to any qualified distribution, the period be-
16 ginning on the first day of the incident period of the
17 disaster and ending on the date that is 180 days
18 after the last day of such incident period.

19 (c) LOANS FROM QUALIFIED PLANS.—

20 (1) IN GENERAL.—Section 72(p) of the Internal
21 Revenue Code of 1986 is amended by adding at the
22 end the following new paragraph:

23 “(6) INCREASE IN LIMIT ON LOANS NOT TREAT-
24 ED AS DISTRIBUTIONS.—

1 “(A) IN GENERAL.—In the case of any
2 loan from a qualified employer plan to a quali-
3 fied individual made during the period begin-
4 ning on the first date of the incident period and
5 ending on December 31 of the year after the
6 year in which such first date of the incident pe-
7 riod occurs—

8 “(i) clause (i) of paragraph (2)(A)
9 shall be applied by substituting ‘\$100,000’
10 for ‘\$50,000’, and

11 “(ii) clause (ii) of such paragraph
12 shall be applied by substituting ‘the
13 present value of the nonforfeitable accrued
14 benefit of the employee under the plan’ for
15 ‘one-half of the present value of the non-
16 forfeitable accrued benefit of the employee
17 under the plan’.

18 “(B) DELAY OF REPAYMENT.—In the case
19 of a qualified individual (with respect to any
20 qualified disaster) with an outstanding loan
21 during or after the incident period (of such
22 qualified disaster) from a qualified employer
23 plan—

24 “(i) if the due date pursuant to sub-
25 paragraph (B) or (C) of paragraph (2) for

1 any repayment with respect to such loan
2 occurs during the period beginning on the
3 incident beginning date of such qualified
4 disaster and ending on December 31 of the
5 year after the year in which the incident
6 period with respect to the disaster begins,
7 such due date shall be delayed for 1 year,

8 “(ii) any subsequent repayments with
9 respect to any such loan shall be appro-
10 priately adjusted to reflect the delay in the
11 due date under clause (i) and any interest
12 accruing during such delay, and

13 “(iii) in determining the 5-year period
14 and the term of a loan under subpara-
15 graph (B) or (C) of paragraph (2), the pe-
16 riod described in clause (i) of this subpara-
17 graph shall be disregarded.

18 “(C) QUALIFIED INDIVIDUAL.—For pur-
19 poses of this paragraph, the term ‘qualified in-
20 dividual’ means any individual—

21 “(i) whose principal place of abode at
22 any time during the incident period of any
23 qualified disaster is located in the qualified
24 disaster area with respect to such qualified
25 disaster, and

1 “(ii) who has sustained an economic
2 loss by reason of such qualified disaster.

3 “(D) DISASTER DEFINITIONS.—Any term
4 which used in this paragraph and is also de-
5 fined in section 2 of the Tax Relief and Expe-
6 dited Assistance for Disasters Act of 2019 shall
7 have the meaning given such term in such sec-
8 tion.”.

9 (d) PROVISIONS RELATING TO PLAN AMEND-
10 MENTS.—

11 (1) IN GENERAL.—If this subsection applies to
12 any amendment to any plan or annuity contract,
13 such plan or contract shall be treated as being oper-
14 ated in accordance with the terms of the plan during
15 the period described in paragraph (2)(B)(i).

16 (2) AMENDMENTS TO WHICH SUBSECTION AP-
17 PLIES.—

18 (A) IN GENERAL.—This subsection shall
19 apply to any amendment to any plan or annuity
20 contract which is made—

21 (i) pursuant to any provision of this
22 section (and any amendment made there-
23 by), or pursuant to any regulation issued
24 by the Secretary or the Secretary of Labor

1 under any such provision or amendment,
2 and

3 (ii) on or before the last day of the
4 first plan year beginning on or after Janu-
5 ary 1, 2020, or such later date as the Sec-
6 retary may prescribe.

7 In the case of a governmental plan (as defined
8 in section 414(d) of the Internal Revenue Code
9 of 1986), clause (ii) shall be applied by sub-
10 stituting the date which is 2 years after the
11 date otherwise applied under clause (ii).

12 (B) CONDITIONS.—This subsection shall
13 not apply to any amendment unless—

14 (i) during the period—

15 (I) beginning on the date that
16 this section or the regulation de-
17 scribed in subparagraph (A)(i) takes
18 effect (or in the case of a plan or con-
19 tract amendment not required by this
20 section or such regulation, the effec-
21 tive date specified by the plan), and

22 (II) ending on the date described
23 in subparagraph (A)(ii) (or, if earlier,
24 the date the plan or contract amend-
25 ment is adopted),

1 the plan or contract is operated as if such plan
 2 or contract amendment were in effect, and

3 (ii) such plan or contract amendment
 4 applies retroactively for such period.

5 **SEC. 4. EMPLOYEE RETENTION CREDIT FOR EMPLOYERS**
 6 **AFFECTED BY QUALIFIED DISASTERS.**

7 (a) IN GENERAL.—Subpart D of part IV of sub-
 8 chapter A of chapter 1 of the Internal Revenue Code of
 9 1986 is amended by adding at the end the following new
 10 section:

11 **“SEC. 45T. EMPLOYEE RETENTION CREDIT FOR EMPLOY-**
 12 **ERS AFFECTED BY QUALIFIED DISASTERS.**

13 “(a) IN GENERAL.—For purposes of section 38, in
 14 the case of an eligible employer, the qualified disaster em-
 15 ployee retention credit for any taxable year is an amount
 16 equal to 40 percent of the qualified wages with respect
 17 to each eligible employee of such employer for such taxable
 18 year. For purposes of the preceding sentence, the amount
 19 of qualified wages which may be taken into account with
 20 respect to any individual shall not exceed \$6,000.

21 “(b) DEFINITIONS.—For purposes of this section—

22 “(1) ELIGIBLE EMPLOYER.—The term ‘eligible
 23 employer’ means any employer—

24 “(A) which conducted an active trade or
 25 business in a qualified disaster zone at any time

1 during the incident period of the qualified dis-
2 aster with respect to such qualified disaster
3 zone, and

4 “(B) with respect to whom the trade or
5 business described in subparagraph (A) is inop-
6 erable at any time after the incident beginning
7 date of such qualified disaster, and before Jan-
8 uary 1 of the year after the year of such inci-
9 dent beginning date, as a result of damage sus-
10 tained by reason of such qualified disaster.

11 “(2) ELIGIBLE EMPLOYEE.—The term ‘eligible
12 employee’ means with respect to an eligible employer
13 an employee whose principal place of employment at
14 any time during the incident period of the qualified
15 disaster referred to in paragraph (1) with such eligi-
16 ble employer was in the qualified disaster zone re-
17 ferred to in such paragraph.

18 “(3) QUALIFIED WAGES.—The term ‘qualified
19 wages’ means wages (as defined in section 51(c)(1),
20 but without regard to section 3306(b)(2)(B)) paid or
21 incurred by an eligible employer with respect to an
22 eligible employee at any time during the period de-
23 scribed in paragraph (1)(B), and which occurs dur-
24 ing the period—

1 “(A) beginning on the date on which the
2 trade or business described in paragraph (1)
3 first became inoperable at the principal place of
4 employment of the employee immediately before
5 the qualified disaster referred to in such para-
6 graph, and

7 “(B) ending on the date on which such
8 trade or business has resumed significant oper-
9 ations at such principal place of employment.

10 Such term shall include wages paid without regard
11 to whether the employee performs no services, per-
12 forms services at a different place of employment
13 than such principal place of employment, or per-
14 forms services at such principal place of employment
15 before significant operations have resumed.

16 “(4) DISASTER DEFINITIONS.—Any term which
17 is used in this section and is also defined in section
18 2 of the Tax Relief and Expedited Assistance for
19 Disasters Act of 2019 shall have the meaning given
20 such term in such section 2.

21 “(c) CERTAIN RULES TO APPLY.—For purposes of
22 this subsection, rules similar to the rules of sections
23 51(i)(1), 52, and 280C(a) shall apply.

24 “(d) EMPLOYEE NOT TAKEN INTO ACCOUNT MORE
25 THAN ONCE.—An employee shall not be treated as an eli-

1 gible employee for purposes of this subsection for any pe-
 2 riod with respect to any employer if such employer is al-
 3 lowed a credit under section 51 with respect to such em-
 4 ployee for such period.”.

5 (b) GENERAL BUSINESS CREDIT.—Section 38(b) of
 6 such Code is amended by striking “plus” at the end of
 7 paragraph (31), by striking the period at the end of para-
 8 graph (32) and inserting “, plus”, and by adding at the
 9 end the following new paragraph:

10 “(33) the qualified disaster employee retention
 11 credit determined under section 45T(a).”.

12 (c) CLERICAL AMENDMENT.—The table of sections
 13 for subpart D of part IV of subchapter A of chapter 1
 14 of such Code is amended by adding at the end the fol-
 15 lowing new item:

“Sec. 45T. Employee retention credit for employers affected by qualified disas-
 ters.”.

16 (d) EFFECTIVE DATE.—The amendments made by
 17 this section shall apply to disasters occurring after Decem-
 18 ber 31, 2017.

19 **SEC. 5. OTHER DISASTER-RELATED TAX RELIEF PROVI-**
 20 **SIONS.**

21 (a) TEMPORARY SUSPENSION OF LIMITATIONS ON
 22 CHARITABLE CONTRIBUTIONS.—Section 170 of the Inter-
 23 nal Revenue Code of 1986 is amended by redesignating

1 subsection (p) as subsection (q) and by inserting after sub-
 2 section (o) the following new subsection:

3 “(p) TEMPORARY SUSPENSION OF LIMITATIONS ON
 4 CHARITABLE CONTRIBUTIONS.—

5 “(1) IN GENERAL.—Except as otherwise pro-
 6 vided in paragraph (2), subsection (b) shall not
 7 apply to qualified contributions and such contribu-
 8 tions shall not be taken into account for purposes of
 9 applying subsections (b) and (d) to other contribu-
 10 tions.

11 “(2) TREATMENT OF EXCESS CONTRIBU-
 12 TIONS.—

13 “(A) INDIVIDUALS.—In the case of an in-
 14 dividual—

15 “(i) LIMITATION.—Any qualified con-
 16 tribution shall be allowed only to the ex-
 17 tent that the aggregate of such contribu-
 18 tions does not exceed the excess of the tax-
 19 payer’s contribution base over the amount
 20 of all other charitable contributions allowed
 21 under subsection (b)(1).

22 “(ii) CARRYOVER.—If the aggregate
 23 amount of qualified contributions made in
 24 the contribution year (within the meaning
 25 of subsection (d)(1)) exceeds the limitation

of clause (i), such excess shall be added to the excess described in the portion of subparagraph (A) of such subsection which precedes clause (i) thereof for purposes of applying such subsection.

“(B) CORPORATIONS.—In the case of a corporation—

“(i) LIMITATION.—Any qualified contribution shall be allowed only to the extent that the aggregate of such contributions does not exceed the excess of the taxpayer’s taxable income over the amount of all other charitable contributions allowed under such paragraph.

“(ii) CARRYOVER.—Rules similar to the rules of subparagraph (A)(ii) shall apply for purposes of this subparagraph.

“(3) QUALIFIED CONTRIBUTIONS.—

“(A) IN GENERAL.—For purposes of this subsection, the term ‘qualified contribution’ means any charitable contribution if—

“(i) such contribution—

“(I) is made for relief efforts in one or more qualified disaster areas, and

1 “(II) is paid during the period
2 beginning on the first day of the inci-
3 dent period for any such disaster, and
4 ending on December 31 of the year in
5 which such incident period begins, in
6 cash to an organization described in
7 subsection (b)(1)(A),

8 “(ii) the taxpayer obtains from such
9 organization contemporaneous written ac-
10 knowledgment that such contribution was
11 used (or is to be used) for relief efforts de-
12 scribed in clause (i)(I), and

13 “(iii) the taxpayer has elected the ap-
14 plication of this subsection with respect to
15 such contribution.

16 “(B) EXCEPTION.—Such term shall not in-
17 clude a contribution by a donor if the contribu-
18 tion is—

19 “(i) to an organization described in
20 section 509(a)(3), or

21 “(ii) for the establishment of a new,
22 or maintenance of an existing, donor ad-
23 vised fund (as defined in section
24 4966(d)(2)).

1 “(C) APPLICATION OF ELECTION TO PART-
 2 NERSHIPS AND S CORPORATIONS.—In the case
 3 of a partnership or S corporation, the election
 4 under subparagraph (A)(iii) shall be made sepa-
 5 rately by each partner or shareholder.

6 “(4) DISASTER DEFINITIONS.—Any term which
 7 used in this subsection and is also defined in section
 8 2 of the Tax Relief and Expedited Assistance for
 9 Disasters Act of 2019 shall have the meaning given
 10 such term in such section.”.

11 (b) SPECIAL RULES FOR QUALIFIED DISASTER-RE-
 12 LATED PERSONAL CASUALTY LOSSES.—Section 165(h) of
 13 such Code is amended by redesignating paragraphs (3),
 14 (4), and (5) as paragraphs (4), (5), and (6), respectively,
 15 and by inserting after paragraph (2) the following new
 16 paragraph:

17 “(3) SPECIAL RULES FOR QUALIFIED DIS-
 18 ASTER-RELATED PERSONAL CASUALTY LOSSES.—

19 “(A) IN GENERAL.—If an individual has a
 20 net disaster loss for any taxable year—

21 “(i) the amount determined under
 22 section 165(h)(2)(A)(ii) of the Internal
 23 Revenue Code of 1986 shall be equal to
 24 the sum of—

25 “(I) such net disaster loss, and

1 “(II) so much of the excess re-
2 ferred to in the matter preceding
3 clause (i) of section 165(h)(2)(A) of
4 such Code (reduced by the amount in
5 clause (i) of this subparagraph) as ex-
6 ceeds 10 percent of the adjusted gross
7 income of the individual,

8 “(ii) paragraph (1) shall be applied by
9 substituting ‘\$500’ for ‘\$500 (\$100 for
10 taxable years beginning after December
11 31, 2009)’,

12 “(iii) the standard deduction deter-
13 mined under section 63(c) shall be in-
14 creased by the net disaster loss, and

15 “(iv) section 56(b)(1)(E) shall not
16 apply to so much of the standard deduc-
17 tion as is attributable to the increase
18 under subparagraph (C) of this paragraph.

19 “(B) NET DISASTER LOSS.—For purposes
20 of this paragraph, the term ‘net disaster loss’
21 means the excess of qualified disaster-related
22 personal casualty losses over personal casualty
23 gains.

24 “(C) QUALIFIED DISASTER-RELATED PER-
25 SONAL CASUALTY LOSSES.—For purposes of

1 this paragraph, the term ‘qualified disaster-re-
 2 lated personal casualty losses’ means losses de-
 3 scribed in subsection (c)(3) which arise in a
 4 qualified disaster area on or after the incident
 5 beginning date of the qualified disaster to which
 6 such area relates, and which are attributable to
 7 such qualified disaster. Any term which used in
 8 this subparagraph and is also defined in section
 9 2 of the Tax Relief and Expedited Assistance
 10 for Disasters Act of 2019 shall have the mean-
 11 ing given such term in such section.”.

12 (c) SPECIAL RULE FOR DETERMINING EARNED IN-
 13 COME.—Section 32 of the Internal Revenue Code of 1986
 14 is amended by adding at the end the following new sub-
 15 section:

16 “(n) SPECIAL RULE FOR DETERMINING EARNED IN-
 17 COME.—

18 “(1) IN GENERAL.—In the case of a qualified
 19 individual, if the earned income of the taxpayer for
 20 the applicable taxable year is less than the earned
 21 income of the taxpayer for the preceding taxable
 22 year, the credits allowed under this section and sec-
 23 tion 24(d) may, at the election of the taxpayer, be
 24 determined by substituting—

1 “(A) such earned income for the preceding
2 taxable year, for

3 “(B) such earned income for the applicable
4 taxable year.

5 “(2) QUALIFIED INDIVIDUAL.—For purposes of
6 this subsection, the term ‘qualified individual’ means
7 any individual whose principal place of abode at any
8 time during the incident period of any qualified dis-
9 aster was located—

10 “(A) in the qualified disaster zone with re-
11 spect to such qualified disaster, or

12 “(B) in the qualified disaster area with re-
13 spect to such qualified disaster (but outside the
14 qualified disaster zone with respect to such
15 qualified disaster) and such individual was dis-
16 placed from such principal place of abode by
17 reason of such qualified disaster.

18 “(3) APPLICABLE TAXABLE YEAR.—The term
19 ‘applicable taxable year’ means, with respect to any
20 qualified individual, any taxable year which includes
21 any day during the incident period of the qualified
22 disaster to which the qualified disaster area referred
23 to in paragraph (2) relates.

24 “(4) DEFINITION AND SPECIAL RULES.—

1 “(A) DISASTER DEFINITIONS.—Any term
2 which is used in this subsection and is also de-
3 fined in section 2 of the Tax Relief and Expe-
4 dited Assistance for Disasters Act of 2019 shall
5 have the meaning given such term in such sec-
6 tion.

7 “(B) APPLICATION TO JOINT RETURNS.—
8 For purposes of paragraph (1), in the case of
9 a joint return for an applicable taxable year—

10 “(i) such paragraph shall apply if ei-
11 ther spouse is a qualified individual, and

12 “(ii) the earned income of the tax-
13 payer for the preceding taxable year shall
14 be the sum of the earned income of each
15 spouse for such preceding taxable year.

16 “(C) UNIFORM APPLICATION OF ELEC-
17 TION.—Any election made under paragraph (1)
18 shall apply with respect to both this section and
19 section 24(d).

20 “(D) ERRORS TREATED AS MATHE-
21 MATICAL ERROR.—For purposes of section
22 6213, an incorrect use on a return of earned in-
23 come pursuant to paragraph (1) shall be treat-
24 ed as a mathematical or clerical error.

1 “(E) NO EFFECT ON DETERMINATION OF
 2 GROSS INCOME, ETC.—Except as otherwise pro-
 3 vided in this subsection, this title shall be ap-
 4 plied without regard to any substitution under
 5 paragraph (1).”.

6 (d) CHILD TAX CREDIT.—Section 24(d) of such Code
 7 is amended by inserting after paragraph (2) the following
 8 new paragraph:

9 “(3) SPECIAL RULE FOR DETERMINING
 10 EARNED INCOME OF TAXPAYERS AFFECTED BY FED-
 11 ERALLY DECLARED DISASTERS.—For election by
 12 qualified individuals with respect to certain federally
 13 declared disasters to substitute earned income from
 14 the preceding taxable year, see section 32(n).”.

15 (e) EFFECTIVE DATE.—The amendments made by
 16 this section shall apply to taxable years beginning after
 17 December 31, 2017.

18 **SEC. 6. TREATMENT OF CERTAIN POSSESSIONS.**

19 (a) PAYMENTS TO GUAM AND THE COMMONWEALTH
 20 OF THE NORTHERN MARIANA ISLANDS.—The Secretary
 21 of the Treasury shall pay to Guam and the Commonwealth
 22 of the Northern Mariana Islands amounts equal to the loss
 23 to that possession by reason of the application of the pro-
 24 visions of this Act. Such amounts shall be determined by

1 the Secretary of the Treasury based on information pro-
2 vided by the government of the respective possession.

3 (b) PAYMENTS TO AMERICAN SAMOA.—

4 (1) IN GENERAL.—The Secretary of the Treas-
5 ury shall pay to American Samoa amounts estimated
6 by the Secretary of the Treasury as being equal to
7 the aggregate benefits that would have been pro-
8 vided to residents of American Samoa by reason of
9 the provisions of this Act if a mirror code tax system
10 had been in effect in American Samoa. The pre-
11 ceding sentence shall not apply unless American
12 Samoa has a plan, which has been approved by the
13 Secretary of the Treasury, under which American
14 Samoa will promptly distribute such payments to its
15 residents.

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

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

1 under this section shall be treated in the same manner
 2 as a refund due from a credit provision referred to in sub-
 3 section (b)(2) of such section.

4 **SEC. 7. AUTOMATIC EXTENSION OF FILING DEADLINES IN**
 5 **CASE OF CERTAIN TAXPAYERS AFFECTED BY**
 6 **FEDERALLY DECLARED DISASTERS.**

7 (a) IN GENERAL.—Section 7508A of the Internal
 8 Revenue Code of 1986 is amended by adding at the end
 9 the following new subsection:

10 “(d) MANDATORY 60-DAY EXTENSION.—

11 “(1) IN GENERAL.—In the case of any qualified
 12 taxpayer, the period—

13 “(A) beginning on the earliest incident
 14 date specified in the declaration to which the
 15 disaster area referred to in paragraph (2) re-
 16 lates, and

17 “(B) ending on the date which is 60 days
 18 after the latest incident date so specified,
 19 shall be disregarded in the same manner as a period
 20 specified under subsection (a).

21 “(2) QUALIFIED TAXPAYER.—For purposes of
 22 this subsection, the term ‘qualified taxpayer’
 23 means—

1 “(A) any individual whose principal resi-
2 dence (for purposes of section 1033(h)(4)) is lo-
3 cated in a disaster area,

4 “(B) any taxpayer if the taxpayer’s prin-
5 cipal place of business (other than the business
6 of performing services as an employee) is lo-
7 cated in a disaster area,

8 “(C) any individual who is a relief worker
9 affiliated with a recognized government or phil-
10 anthropic organization and who is assisting in
11 a disaster area,

12 “(D) any taxpayer whose records necessary
13 to meet a deadline for an act described in sec-
14 tion 7508(a)(1) are maintained in a disaster
15 area,

16 “(E) any individual visiting a disaster area
17 who was killed or injured as a result of the dis-
18 aster, and

19 “(F) solely with respect to a joint return,
20 any spouse of an individual described in any
21 preceding subparagraph of this paragraph.

22 “(3) DISASTER AREA.—For purposes of this
23 subsection, the term ‘disaster area’ has the meaning
24 given such term under subparagraph (B) of section
25 165(i)(5) with respect to a Federally declared dis-

1 aster (as defined in subparagraph (A) of such sec-
2 tion).

3 “(4) APPLICATION TO RULES REGARDING PEN-
4 SIONS.—In the case of any person described in sub-
5 section (b), a rule similar to the rule of paragraph
6 (1) shall apply for purposes of subsection (b) with
7 respect to—

8 “(A) making contributions to a qualified
9 retirement plan (within the meaning of section
10 4974(c)) under section 219(f)(3), 404(a)(6),
11 404(h)(1)(B), or 404(m)(2),

12 “(B) making distributions under section
13 408(d)(4),

14 “(C) recharacterizing contributions under
15 section 408A(d)(6), and

16 “(D) making a rollover under section
17 402(c), 403(a)(4), 403(b)(8), or 408(d)(3).

18 “(5) COORDINATION WITH PERIODS SPECIFIED
19 BY THE SECRETARY.—Any period described in para-
20 graph (1) with respect to any person (including by
21 reason of the application of paragraph (4)) shall be
22 in addition to (or concurrent with, as the case may
23 be) any period specified under subsection (a) or (b)
24 with respect to such person.”.

1 (b) EFFECTIVE DATE.—The amendment made by
2 this section shall apply to federally declared disasters de-
3 clared after the date of the enactment of this Act.

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