

119TH CONGRESS
1ST SESSION

H. R. 3249

To amend the Internal Revenue Code of 1986 to modify the qualified business income deduction.

IN THE HOUSE OF REPRESENTATIVES

MAY 7, 2025

Ms. MOORE of Wisconsin (for herself, Mr. DAVIS of Illinois, Ms. CHU, Ms. VELÁZQUEZ, Ms. MCCOLLUM, and Mr. LATIMER) 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 modify the qualified business income deduction.

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 “Mom and Pop Tax
5 Relief Act”.

6 **SEC. 2. MODIFICATION OF 199A DEDUCTION.**

7 (a) DEDUCTION ALLOWED FOR FIRST \$25,000 OF
8 QUALIFIED BUSINESS INCOME.—

1 (1) IN GENERAL.—Section 199A(b)(1) of the
 2 Internal Revenue Code of 1986 is amended to read
 3 as follows:

4 “(1) IN GENERAL.—The term ‘combined quali-
 5 fied business income amount’ means, with respect to
 6 any taxable year, an amount equal to the lesser of—

7 “(A) the sum of the taxpayer’s qualified
 8 business income for each qualified trade or
 9 business carried on by the taxpayer, or

10 “(B) \$25,000.”.

11 (2) CONFORMING AMENDMENTS.—

12 (A) Section 199A(a)(2) of such Code is
 13 amended by striking “20 percent of”.

14 (B) Section 199A(b) of such Code is
 15 amended by striking paragraph (2).

16 (b) CONSOLIDATED TAXPAYER LEVEL ADJUSTED
 17 GROSS INCOME LIMITATION.—Section 199A(b) of such
 18 Code, as amended by subsection (a), is amended—

19 (1) by striking paragraph (3), and

20 (2) by inserting after paragraph (1) the fol-
 21 lowing new paragraph:

22 “(2) ADJUSTED GROSS INCOME LIMITATION.—
 23 The combined qualified business income of the tax-
 24 payer for the taxable year shall be reduced (but not
 25 below zero) by so much of the amount by which the

1 adjusted gross income of the taxpayer exceeds
2 \$200,000 (\$400,000 in the case of a joint return).”.

3 (c) SIMPLIFICATION WITH RESPECT TO LOSS CAR-
4 RYOVER.—Section 199(c) of such Code is amended by
5 striking paragraph (2).

6 (d) OTHER CONFORMING AMENDMENTS.—

7 (1)(A) Section 199A(b) of such Code is amend-
8 ed by striking paragraph (4).

9 (B) Section 199A(g)(1)(B)(ii) of such Code is
10 amended to read as follows:

11 “(ii) W-2 WAGES.—For purposes of
12 this subparagraph—

13 “(I) IN GENERAL.—The term
14 ‘W-2 wages’ means, with respect to
15 any person for any taxable year of
16 such person, the amounts described in
17 paragraphs (3) and (8) of section
18 6051(a) paid by such person with re-
19 spect to employment of employees by
20 such person during the calendar year
21 ending during such taxable year.

22 “(II) MUST BE PROPERLY ALLO-
23 CABLE TO DOMESTIC PRODUCTION
24 GROSS RECEIPTS.—The W-2 wages of
25 the taxpayer shall not include any

1 amount which is not properly allocable
 2 to domestic production gross receipts
 3 for purposes of paragraph (3)(A).

4 “(III) RETURN REQUIREMENT.—
 5 Such term shall not include any
 6 amount which is not properly included
 7 in a return filed with the Social Secu-
 8 rity Administration on or before the
 9 60th day after the due date (including
 10 extensions) for such return.”.

11 (C) Section 199A(f)(1) of such Code is amend-
 12 ed—

13 (i) by inserting “and” at the end of sub-
 14 paragraph (A)(i),

15 (ii) by striking “, and” at the end of sub-
 16 paragraph (A)(ii),

17 (iii) by striking clause (iii),

18 (iv) by striking “For purposes of clause
 19 (iii)” and all that follows through “For pur-
 20 poses of this subparagraph” and inserting “For
 21 purposes of this subparagraph”, and

22 (v) by striking subparagraph (B) and re-
 23 designating subparagraph (C) as subparagraph
 24 (B).

1 (2)(A) Section 199A(b) of such Code is amend-
2 ed by striking paragraph (5).

3 (B) Section 199A(g)(5) of such Code is amend-
4 ed by adding at the end the following new subpara-
5 graph:

6 “(F) ACQUISITIONS, DISPOSITIONS, AND
7 SHORT TAXABLE YEARS.—The Secretary shall
8 provide for the application of this subsection in
9 cases of a short taxable year or where the tax-
10 payer acquires, or disposes of, the major por-
11 tion of a trade or business or the major portion
12 of a separate unit of a trade or business during
13 the taxable year.”.

14 (3) Section 199A(b) of such Code is amended
15 by striking paragraph (6).

16 (4)(A) Section 199A(b) of such Code is amend-
17 ed by redesignating paragraph (7) as paragraph (3).

18 (B) Section 199A(b)(3) of such Code (as so re-
19 designated) is amended by striking “under para-
20 graph (2)” and inserting “under paragraph (1)(A)”.

21 (5) Section 199A(d) of such Code is amended
22 to read as follows:

23 “(d) QUALIFIED TRADE OR BUSINESS.—For pur-
24 poses of this section, the term ‘qualified trade or business’

1 means any trade or business other than the trade or busi-
2 ness of performing services as an employee.”.

3 (6) Section 199A(e) of such Code is amended to
4 read as follows:

5 “(e) TAXABLE INCOME DEFINED.—For purposes of
6 this section, except as otherwise provided in subsection
7 (g)(2)(B), taxable income shall be computed without re-
8 gard to any deduction allowable under this section.”.

9 (e) EFFECTIVE DATE.—The amendments made by
10 this section shall apply to taxable years beginning after
11 December 31, 2025.

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