

119TH CONGRESS  
1ST SESSION

# H. R. 3407

To amend the Internal Revenue Code of 1986 to exempt money accounts for growth and advancement from taxation, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

MAY 14, 2025

Mr. MOORE of Utah introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to exempt money accounts for growth and advancement from taxation, 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. SHORT TITLE; ETC.**

4       (a) SHORT TITLE.—This Act may be cited as the  
5       “Money Accounts for Growth and Advancement Act” or  
6       the “MAGA Act”.

7       (b) REFERENCES.—Except as otherwise expressly  
8       provided, whenever in this Act an amendment or repeal  
9       is expressed in terms of an amendment to, or repeal of,  
10      a section or other provision, the reference shall be consid-

ered to be made to a section or other provision of the Internal Revenue Code of 1986.

**SEC. 2. MAGA ACCOUNTS.**

(a) IN GENERAL.—Subchapter F of chapter 1 is amended by adding at the end the following new part:

**“PART IX—MAGA ACCOUNTS**

**“SEC. 530A. MAGA ACCOUNTS.**

“(a) GENERAL RULE.—A MAGA account shall be exempt from taxation under this subtitle. Notwithstanding the preceding sentence, such account shall be subject to the taxes imposed by section 511 (relating to imposition of tax on unrelated business income of charitable organizations).

“(b) MAGA ACCOUNT.—For purposes of this section—

“(1) IN GENERAL.—The term ‘money account for growth and advancement’ or ‘MAGA account’ means a trust created or organized in the United States for the exclusive benefit of an individual and which is designated (in such manner as the Secretary shall prescribe) at the time of the establishment of the trust as a MAGA account, but only if the written governing instrument creating the trust meets the following requirements:

1           “(A) The individual establishing the ac-  
2           count shall provide to the trustee the social se-  
3           curity number of such individual and of the ac-  
4           count beneficiary.

5           “(B) Except in the case of a qualified roll-  
6           over contribution described in subsection (e), no  
7           contribution will be accepted—

8                   “(i) before January 1, 2026,

9                   “(ii) unless it is in cash,

10                  “(iii) unless the account beneficiary  
11                  has not attained age 18, and

12                  “(iv) if such contribution would result  
13                  in aggregate contributions for the taxable  
14                  year exceeding the contribution limit speci-  
15                  fied in subsection (c)(1).

16           “(C) No distribution (other than a dis-  
17           tribution of a qualified rollover contribution)  
18           will be allowed—

19                   “(i) before the date on which the ac-  
20                   count beneficiary attains age 18, or

21                   “(ii) in the case of such an account  
22                   the account beneficiary of which has not  
23                   attained age 25, if the aggregate distribu-  
24                   tions from such account exceeds the  
25                   amount that is  $\frac{1}{2}$  the cash equivalent

1 value of the account on the date on which  
2 the account beneficiary attains age 18.

3 “(D) The account beneficiary has not at-  
4 tained age 8 on the date of the establishment  
5 of the account.

6 “(E) The trustee is a bank (as defined in  
7 section 408(n)) or another person who dem-  
8 onstrates to the satisfaction of the Secretary  
9 that the manner in which that person will ad-  
10 minister the trust will be consistent with the re-  
11 quirements of this section or who has so dem-  
12 onstrated with respect to any individual retire-  
13 ment plan.

14 “(F) The interest of an individual in the  
15 balance of his account is nonforfeitable.

16 “(G) The assets of the trust shall not be  
17 commingled with other property except in a  
18 common trust fund or common investment  
19 fund.

20 “(H) No part of the trust funds will be in-  
21 vested in any asset other than eligible invest-  
22 ments.

23 “(2) ELIGIBLE INVESTMENTS.—The term ‘eligi-  
24 ble investments’ means stock of a regulated invest-

1       ment company (within the meaning of section 851)  
2       which—

3               “(A) tracks a well-established index of  
4       United States equities (or which invests in an  
5       equivalent diversified portfolio of United States  
6       equities),

7               “(B) does not use leverage,

8               “(C) minimizes fees and expenses, and

9               “(D) meets such other criteria as the Sec-  
10      retary determines appropriate for purposes of  
11      this section.

12              “(3) ACCOUNT BENEFICIARY.—The term ‘ac-  
13      count beneficiary’ means the individual on whose be-  
14      half the MAGA account was established.

15              “(c) TREATMENT OF CONTRIBUTIONS.—

16              “(1) CONTRIBUTION LIMIT.—The contribution  
17      limit for any taxable year is \$5,000.

18              “(2) CONTRIBUTIONS FROM TAX EXEMPT  
19      SOURCES AND ROLLOVER CONTRIBUTIONS.—The  
20      amount contributed to a MAGA account for pur-  
21      poses of paragraph (1) shall be determined without  
22      regard to—

23              “(A) a qualified rollover contribution,

1           “(B) any contribution from the Federal  
2           Government or any State, local, or tribal gov-  
3           ernment, or

4           “(C) any contribution made through the  
5           program established under subsection (l).

6           “(3) COST-OF-LIVING ADJUSTMENT.—

7           “(A) IN GENERAL.—In the case of any  
8           taxable year beginning in a calendar year after  
9           2026, the \$5,000 amount under paragraph (1)  
10          shall be increased by an amount equal to—

11                   “(i) such dollar amount, multiplied by

12                   “(ii) the cost-of-living adjustment de-  
13                   termined under section 1(f)(3) for the cal-  
14                   endar year, determined by substituting  
15                   ‘calendar year 2025’ for ‘calendar year  
16                   2016’ in subparagraph (A)(ii) thereof.

17           “(B) ROUNDING.—If any increase under  
18           subparagraph (A) is not a multiple of \$100,  
19           such amount shall be rounded to the next lower  
20           multiple of \$100.

21          “(d) DISTRIBUTIONS.—

22           “(1) AMOUNTS ALLOCABLE TO INVESTMENT IN  
23           THE CONTRACT.—A distribution from a MAGA ac-  
24           count of an amount allocable to the investment in

1 the contract shall not be includible in the gross in-  
2 come of the distributee.

3 “(2) AMOUNTS ALLOCABLE TO INCOME ON THE  
4 CONTRACT USED FOR QUALIFIED EXPENSES.—A  
5 distribution from a MAGA account of an amount al-  
6 locable to income on the contract and which is used  
7 exclusively to pay for qualified expenses shall be in-  
8 cludible in net capital gain of the distributee under  
9 section 1(h)(12).

10 “(3) AMOUNTS INCLUDIBLE IN GROSS IN-  
11 COME.—Any distribution from a MAGA account  
12 which is not described in paragraph (1) or (2) shall  
13 be includible in the gross income of the distributee.

14 “(4) QUALIFIED EXPENSES.—For purposes of  
15 this subsection, the term ‘qualified expenses’ means  
16 any of the following expenses paid or incurred for  
17 the benefit of the account beneficiary:

18 “(A) Qualified higher education expenses  
19 (as defined in section 529(e)(3)) determined  
20 without regard to section 529(c)(7).

21 “(B) Qualified post-secondary credentialing  
22 expenses (as defined in section 529(f)).

23 “(C) Under regulations provided by the  
24 Secretary, amounts paid or incurred with re-  
25 spect to any small businesses for which the ben-

1           efficiary has obtained any small business loan,  
2           small farm loan, or similar loan.

3           “(D) Any amount used for the purchase  
4           (as defined in section 36(c)(3)) of the principal  
5           residence (as used in section 121) of the ac-  
6           count beneficiary if such account beneficiary is  
7           a first-time homebuyer (as defined in section  
8           36(c)(1)) with respect to such purchase.

9           “(5) EXCEPTIONS.—Paragraphs (2) and (3)  
10          shall not apply to any distribution which is a quali-  
11          fied rollover contribution.

12          “(6) ADDITIONAL TAX ON CERTAIN DISTRIBUTU-  
13          TIONS.—In the case of a distributee who has not at-  
14          tained age 30, the tax imposed by this chapter on  
15          the account beneficiary for any taxable year in which  
16          there is a distribution from a MAGA account of such  
17          beneficiary which is includible in gross income under  
18          paragraph (3) shall be increased by 10 percent of  
19          the amount which is so includible.

20          “(e) QUALIFIED ROLLOVER CONTRIBUTION.—For  
21          purposes of this section, the term ‘qualified rollover con-  
22          tribution’ means an amount which is paid in a direct trust-  
23          ee-to-trustee transfer from a MAGA account maintained  
24          for the benefit of the account beneficiary to a MAGA ac-  
25          count maintained for such beneficiary.



1       “(f) TREATMENT AFTER DEATH OF ACCOUNT BENE-  
2 FICIARY.—Rules similar to the rules of section 223(f)(8)  
3 shall apply for purposes of this section.

4       “(g) DETERMINATIONS OF AGGREGATE DISTRIBUTU-  
5 TIONS AND INVESTMENT IN CONTRACT IN THE CASE OF  
6 CERTAIN ROLLOVER CONTRIBUTIONS.—In the case of a  
7 qualified rollover contribution which is described in sub-  
8 section (e)(2), any determination required under this sec-  
9 tion of the amount of the investment of the contract or  
10 of aggregate distributions from the MAGA account shall  
11 be determined with respect to the aggregate of such  
12 amounts for all MAGA accounts of the same account bene-  
13 ficiary.

14       “(h) CUSTODIAL ACCOUNTS.—For purposes of this  
15 section, a custodial account shall be treated as a trust  
16 under this section if—

17               “(1) the custodial account would, except for the  
18 fact that it is not a trust, constitute a trust which  
19 meets the requirements of subsection (b)(1), and

20               “(2) the assets of such account are held by a  
21 bank (as defined in section 408(n)) or another per-  
22 son who demonstrates, to the satisfaction of the Sec-  
23 retary, that the manner in which he will administer  
24 the account will be consistent with the requirements  
25 of this section.

1 For purposes of this title, in the case of a custodial ac-  
2 count treated as a trust by reason of the preceding sen-  
3 tence, the person holding the assets of such account shall  
4 be treated as the trustee thereof.

5 “(i) TERMINATION.—

6 “(1) AGE 31.—Upon the date on which the ac-  
7 count beneficiary attains age 31, a MAGA account  
8 shall cease to be a MAGA account and the amount  
9 in such account shall be treated as distributed for  
10 purposes of subsection (d).

11 “(2) MULTIPLE ACCOUNTS OF ONE BENE-  
12 FICIARY.—

13 “(A) IN GENERAL.—In the case of any du-  
14 plicate MAGA account of any account bene-  
15 ficiary other than a MAGA account which is es-  
16 tablished by the deposit through a qualified roll-  
17 over contribution of the entire amount of an-  
18 other MAGA account of the account bene-  
19 ficiary—

20 “(i) such duplicate MAGA account  
21 shall cease to be a MAGA account and the  
22 amount in such account shall be treated as  
23 distributed for purposes of subsection (d),  
24 and

1                   “(ii) there is imposed an excise tax on  
2                   the account beneficiary in an amount equal  
3                   to so much of cash value of the account as  
4                   is allocable to income on the contract.

5                   “(B) WITHHOLDING REQUIREMENT.—In  
6                   the case of an account terminated under sub-  
7                   paragraph (A), the trustee shall deduct and  
8                   withhold upon the amount to be distributed the  
9                   amount in excess described in subparagraph  
10                  (A)(ii).

11                  “(C) NOTIFICATION.—The Secretary, upon  
12                  determining that a duplicate account exists,  
13                  shall provide a notice to the account beneficiary  
14                  of such duplicate account (and the account cus-  
15                  todian, in the case of a custodial account) and  
16                  to each trustee of any MAGA account of the ac-  
17                  count beneficiary of such duplicate account  
18                  which identifies each MAGA account of such  
19                  beneficiary and the trustee of each such ac-  
20                  count.

21                  “(D) DUPLICATE ACCOUNT.—For purposes  
22                  of this paragraph, the term ‘duplicate account’  
23                  means—

24                         “(i) in the case of an account bene-  
25                         ficiary for the benefit of whom an account

1                   was established by the Secretary under  
2                   section 6434, any other MAGA account of  
3                   such account beneficiary, or

4                   “(ii) in the case of any other account  
5                   beneficiary, any MAGA account established  
6                   after the first MAGA account established  
7                   for the benefit of such account beneficiary.

8           “(j) INVESTMENT IN THE CONTRACT.—For purposes  
9   of this section, rules similar to the rules applied to a quali-  
10   fied tuition program (as defined in section 529(b)) under  
11   section 72(e)(9) shall apply for purposes of determining  
12   the investment in the contract, except that such amount  
13   shall be determined without regard to any contribution  
14   which is described in subsection (c)(2).

15          “(k) REPORTS.—The trustee of a MAGA account  
16   shall make such reports regarding such account to the  
17   Secretary and to the beneficiary of the account with re-  
18   spect to contributions, distributions, the amount of invest-  
19   ment in the contract, and such other matters as the Sec-  
20   retary may require. The reports required by this sub-  
21   section shall be filed at such time and in such manner  
22   and furnished to such individuals at such time and in such  
23   manner as may be required.

24          “(l) CONTRIBUTIONS TO PREDOMINATELY UNRE-  
25   LATED CHILDREN.—The Secretary shall establish a pro-

1 gram through which contributions may be made to the  
 2 MAGA accounts of a large group of account beneficiaries  
 3 if—

4 “(1) the contribution is made by any person de-  
 5 scribed in any paragraph of section 501(c) and ex-  
 6 empt from taxation under section 501(a),

7 “(2) such accounts are selected on the basis of  
 8 the location of the residence of the account bene-  
 9 ficiaries, the school district in which such bene-  
 10 ficiaries attend school, or another basis the Sec-  
 11 retary determines appropriate, and

12 “(3) all individuals who are account bene-  
 13 ficiaries of such an account who meet the selected  
 14 criteria receive an equal portion of the contribu-  
 15 tion.”.

16 (b) DISTRIBUTION TAXED AT SAME RATE AS NET  
 17 CAPITAL GAINS.—Section 1(h) is amended by adding at  
 18 the end the following new paragraph:

19 “(12) DISTRIBUTIONS FROM MAGA ACCOUNT  
 20 TAXED AS NET CAPITAL GAIN.—For purposes of this  
 21 subsection, the term ‘net capital gain’ means the net  
 22 capital gain (determined without regard to this para-  
 23 graph) increased by the amount includible in net  
 24 capital gain under this paragraph by reason of sec-  
 25 tion 530A(d)(2).”.

1 (c) TAX ON EXCESS CONTRIBUTIONS.—

2 (1) IN GENERAL.—Section 4973(a) is amended  
3 by striking “or” at the end of paragraph (5), by in-  
4 serting “or” at the end of paragraph (6), and by in-  
5 serting after paragraph (6) the following new para-  
6 graph:

7 “(7) a MAGA account (as defined in section  
8 530A(b)),”.

9 (2) EXCESS CONTRIBUTION.—Section 4973 is  
10 amended by adding at the end the following new  
11 subsection:

12 “(i) EXCESS CONTRIBUTIONS TO A MAGA AC-  
13 COUNT.—For purposes of this section, in the case of  
14 MAGA accounts (within the meaning of section 530A), the  
15 term ‘excess contributions’ means the sum of—

16 “(1) the amount by which the amount contrib-  
17 uted for the calendar year to such account (other  
18 than qualified rollover contributions (as defined in  
19 section 530A(e))) exceeds the contribution limit  
20 under section 530A(c)(1) (determined without re-  
21 gard to contributions described in section  
22 530A(c)(2)), and

23 “(2) the amount determined under this sub-  
24 section for the preceding calendar year, reduced by  
25 the excess (if any) of the maximum amount allow-

1       able as a contribution under section 530A(c)(1) (as  
 2       so determined) for the calendar year over the  
 3       amount contributed to the account for the calendar  
 4       year (other than qualified rollover contributions (as  
 5       so defined)).”.

6       (d) DISCLOSURE OF RETURN INFORMATION TO FA-  
 7       CILITATE CERTAIN CONTRIBUTIONS.—Section 6103(l) is  
 8       amended by adding at the end the following new para-  
 9       graph:

10               “(23) DISCLOSURE OF RETURN INFORMATION  
 11       TO ENABLE CERTAIN CONTRIBUTIONS TO MAGA AC-  
 12       COUNTS.—Upon written request signed by the head  
 13       of the bureau or office of the Department of the  
 14       Treasury requesting the inspection or disclosure, the  
 15       Secretary may disclose the following return informa-  
 16       tion with respect to a MAGA account (as defined in  
 17       section 503A(b)) to officers and employees of such  
 18       bureau or office to the extent that such disclosure is  
 19       necessary to carry out section 530A(l):

20               “(A) Information necessary to identify the  
 21       account holders in a particular class of bene-  
 22       ficiaries identified by a donor as the intended  
 23       recipients.

24               “(B) The name, address, and social secu-  
 25       rity number of a beneficiary.

1                   “(C) The account custodian and the ad-  
2                   dress of such custodian.

3                   “(D) The account number.

4                   “(E) The routing number.

5                   “(F) To the extent determined by the Sec-  
6                   retary in regulations, such other return infor-  
7                   mation as the Secretary determines necessary  
8                   to ensure proper routing of funds.

9                   Return information disclosed under this paragraph  
10                  may only be used to identify account holders in a  
11                  particular class of beneficiaries or for the proper  
12                  routing of funds and may not be redisclosed by the  
13                  Secretary.”.

14               (e) FAILURE TO PROVIDE REPORTS ON MAGA AC-  
15               COUNTS.—Section 6693(a)(2) is amended by striking  
16               “and” at the end of subparagraph (E), by striking the  
17               period at the end of subparagraph (F) and inserting “,  
18               and”, and by adding at the end the following new subpara-  
19               graph:

20                       “(G) section 530A(h) (relating to MAGA  
21                       accounts).”.

22               (f) CONFORMING AMENDMENT.—The table of parts  
23               for subchapter F of chapter 1 is amended by adding at  
24               the end the following new item:

                          “PART IX. MAGA ACCOUNTS”.



1 (g) EFFECTIVE DATE.—The amendments made by  
 2 this section shall apply to taxable years beginning after  
 3 December 31, 2024.

4 **SEC. 3. MAGA ACCOUNTS CONTRIBUTION PILOT PROGRAM.**

5 (a) IN GENERAL.—Subchapter B of chapter 65 is  
 6 amended by adding at the end the following new section:

7 **“SEC. 6434. MAGA ACCOUNTS CONTRIBUTION PILOT PRO-**  
 8 **GRAM.**

9 “(a) IN GENERAL.—In the case of any taxpayer with  
 10 respect to whom an eligible individual is a qualifying child,  
 11 there shall be allowed a one-time credit of \$1,000 with  
 12 respect to each such eligible individual who is a qualifying  
 13 child of such taxpayer which shall be payable by the Sec-  
 14 retary only to the MAGA account with respect to which  
 15 such eligible individual is the account beneficiary.

16 “(b) ACCOUNT ESTABLISHED BY SECRETARY.—

17 “(1) IN GENERAL.—In the case of any eligible  
 18 individual that the Secretary determines is not the  
 19 account beneficiary of any MAGA account as of the  
 20 qualifying date of such eligible individual, the Sec-  
 21 retary shall establish an account for the benefit of  
 22 such eligible individual.

23 “(2) QUALIFYING DATE.—For purposes of  
 24 paragraph (1), the term ‘qualifying date’ means,  
 25 with respect to an eligible individual, the first date

1 on which a return of tax is filed by an individual  
2 with respect to whom such eligible individual is a  
3 qualifying child with respect to the taxable year to  
4 which such return relates.

5 “(3) NOTIFICATION.—In the case of any eligible  
6 individual for the benefit of whom the Secretary es-  
7 tablishes an account under paragraph (1), the Sec-  
8 retary shall—

9 “(A) notify any individual with respect to  
10 whom such eligible individual is a qualifying  
11 child for the taxable year described in para-  
12 graph (2) of the establishment of such account,  
13 and

14 “(B) shall provide an opportunity to such  
15 individual to elect to decline the application of  
16 this subsection to such qualifying child.

17 “(4) DETERMINATION OF DEFAULT TRUST-  
18 EE.—For purposes of selecting a trustee for an ac-  
19 count established under paragraph (1), the Sec-  
20 retary shall take into account—

21 “(A) the history of reliability and regu-  
22 latory compliance of such trustee,

23 “(B) the customer service experience of  
24 such trustee,

1           “(C) the costs imposed by such trustee on  
2           the account or account beneficiary, and

3           “(D) to the extent practicable, the pref-  
4           erences of any individual described in para-  
5           graph (3)(A) with respect to such eligible indi-  
6           vidual.

7           “(c) ELIGIBLE INDIVIDUAL.—For purposes of sub-  
8           section (a), the term eligible individual means an indi-  
9           vidual—

10           “(1) who is born after December 31, 2024, and  
11           before January 1, 2029, and

12           “(2) who is a United States citizen at birth.

13           “(d) SOCIAL SECURITY NUMBER REQUIRED.—

14           “(1) IN GENERAL.—No credit shall be allowed  
15           under subsection (a) to a taxpayer unless such tax-  
16           payer includes on the return of tax for the taxable  
17           year—

18           “(A) such individual’s social security num-  
19           ber,

20           “(B) if such individual is married, the so-  
21           cial security number of such individual’s spouse,  
22           and

23           “(C) the social security number of the eli-  
24           gible individual with respect to whom such cred-  
25           it is allowed.

1 “(2) SOCIAL SECURITY NUMBER DEFINED.—

2 For purposes of paragraph (1), the term ‘social se-  
3 curity number’ shall have the meaning given such  
4 term in section 24(h)(7).

5 “(e) DEFINITIONS.—For purposes of this section—

6 “(1) QUALIFYING CHILD.—The term qualifying  
7 child has the meaning given such term in section  
8 152(c).

9 “(2) MAGA ACCOUNT; ACCOUNT BENE-  
10 FICIARY.—The terms ‘MAGA account’ and ‘account  
11 beneficiary’ have the meaning given such terms in  
12 section 530A(b).”.

13 (b) PENALTY FOR NEGLIGENT CLAIM OR FRAUDU-  
14 LENT CLAIM.—Part I of subchapter A of chapter 68 of  
15 subtitle F is amended by adding at the end the following  
16 new section:

17 **“SEC. 6659. IMPROPER CLAIM FOR MAGA ACCOUNT CON-**  
18 **TRIBUTION PILOT PROGRAM CREDIT.**

19 “(a) IN GENERAL.—In the case of any taxpayer that  
20 makes an excessive claim for a credit under section  
21 6434—

22 “(1) if such excess is a result of negligence or  
23 disregard of the rules or regulations, there shall be  
24 imposed a penalty of \$500, or

1           “(2) if such excess is a result of fraud, there  
2           shall be imposed a penalty of \$1,000.

3           “(b) DEFINITIONS.—The terms ‘negligence’ and ‘dis-  
4 regard’ have the same meaning as when such terms are  
5 used in section 6662.”.

6           (c) OMISSION OF CORRECT SOCIAL SECURITY NUM-  
7 BER TREATED MATHEMATICAL OR CLERICAL ERROR.—  
8 Section 6213(g)(2) is amended by striking “and” at the  
9 end of subparagraph (U), by striking the period at the  
10 end of subparagraph (V) and inserting “, and”, and by  
11 inserting after subparagraph (V) the following new sub-  
12 paragraph:

13                       “(W) an omission of a correct social secu-  
14                       rity number required under section 6434(d)(1)  
15                       (relating to the MAGA accounts contribution  
16                       pilot program).”.

17           (d) CLERICAL AMENDMENTS.—

18           (1) The table of sections for subchapter B of  
19           chapter 65 is amended by adding at the end the fol-  
20           lowing new item:

“Sec. 6434. MAGA accounts contribution pilot program.”.

21           (2) The table of sections for part I of sub-  
22           chapter A of chapter 68 of subtitle F is amended by  
23           inserting after the item relating to section 6658 the  
24           following new item:

“Sec. 6659. Improper claim for MAGA account contribution pilot program credit.”.

1       (e) EFFECTIVE DATE.—The amendments made by  
2 this section shall apply to taxable years beginning after  
3 December 31, 2024.

○