

119TH CONGRESS
1ST SESSION

H. R. 3975

To amend the Internal Revenue Code of 1986 to provide a lookback rule in the case of certain federally declared disasters for amounts related to earned income for purposes of determining certain tax credits.

IN THE HOUSE OF REPRESENTATIVES

JUNE 12, 2025

Mr. KENNEDY of New York (for himself, Mr. HUFFMAN, Ms. BARRAGÁN, Ms. NORTON, Mr. NEGUSE, Ms. TOKUDA, Ms. TLAIB, and Ms. CHU) 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 a lookback rule in the case of certain federally declared disasters for amounts related to earned income for purposes of determining certain tax credits.

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 Fairness for Dis-
5 aster Victims Act”.

1 **SEC. 2. LOOKBACK RULE IN CASE OF CERTAIN FEDERALLY**
2 **DECLARED DISASTERS FOR AMOUNTS RE-**
3 **LATED TO EARNED INCOME FOR PURPOSES**
4 **OF DETERMINING CERTAIN TAX CREDITS.**

5 (a) IN GENERAL.—Section 32 of the Internal Rev-
6 enue Code of 1986 is amended by inserting after sub-
7 section (f) the following new subsection:

8 “(g) LOOKBACK RULE FOR DETERMINING AMOUNTS
9 RELATED TO EARNED INCOME IN CASE OF CERTAIN
10 FEDERALLY DECLARED DISASTERS.—

11 “(1) IN GENERAL.—In the case of a qualified
12 individual who elects the application of this sub-
13 section (at such time and in such manner as the
14 Secretary may provide)—

15 “(A) if the earned income of the taxpayer
16 for the taxable year which includes the applica-
17 ble date is less than the earned income of the
18 taxpayer for the preceding taxable year, the
19 credits allowed under this section and section
20 24(d) shall be determined by substituting—

21 “(i) such earned income for the pre-
22 ceding taxable year, for

23 “(ii) such earned income for the tax-
24 able year which includes the applicable
25 date, and

1 “(B) if the social security taxes of the tax-
2 payer for the taxable year which includes the
3 applicable date is less than the social security
4 taxes of the taxpayer for the preceding taxable
5 year, the credit allowed under section 24(d)
6 shall be determined by substituting—

7 “(i) such social security taxes for the
8 preceding taxable year, for

9 “(ii) such social security taxes for the
10 taxable year which includes the applicable
11 date.

12 “(2) DEFINITIONS.—For purposes of this sub-
13 section—

14 “(A) QUALIFIED INDIVIDUAL.—The term
15 ‘qualified individual’ means any individual
16 whose principal place of abode on the applicable
17 date was located in a disaster area with respect
18 to a federally declared disaster.

19 “(B) APPLICABLE DATE.—The term ‘ap-
20 plicable date’ means, with respect to any feder-
21 ally declared disaster, the first day of the period
22 specified by the Federal Emergency Manage-
23 ment Agency as the period during which such
24 disaster occurred.

1 “(C) FEDERALLY DECLARED DISASTER;
2 DISASTER AREA.—The terms ‘federally declared
3 disaster’ and ‘disaster’ have the respective
4 meanings given such terms by section 165(i)(5).

5 “(D) SOCIAL SECURITY TAXES.—The term
6 ‘social security taxes’ has the meaning given
7 such term by section 24(d)(2).

8 “(3) APPLICATION TO JOINT RETURNS.—For
9 purposes of paragraph (1), in the case of a joint re-
10 turn—

11 “(A) such paragraph shall apply if either
12 spouse is a qualified individual,

13 “(B) the earned income of the taxpayer for
14 the preceding taxable year shall be the sum of
15 the earned income of each spouse for such pre-
16 ceding taxable year, and

17 “(C) the social security taxes of the tax-
18 payer for the preceding taxable year shall be
19 the sum of the social security taxes of each
20 spouse for such preceding taxable year.

21 “(4) UNIFORM APPLICATION OF ELECTION.—
22 Any election made under paragraph (1) shall apply
23 for all purposes of paragraph (1).

24 “(5) NO EFFECT ON DETERMINATION OF GROSS
25 INCOME, ETC.—Except as otherwise provided in this

1 subsection, this title shall be applied without regard
2 to any substitution under paragraph (1).”.

3 (b) TREATMENT AS MATHEMATICAL OR CLERICAL
4 ERRORS.—Section 6213(g)(2) of such Code is amended
5 by striking “and” at the end of subparagraph (U), by
6 striking the period at the end of subparagraph (V) and
7 inserting “, and”, and by inserting after subparagraph (V)
8 the following new subparagraph:

9 “(W) an incorrect use of earned income or
10 social security taxes pursuant to section
11 32(g).”.

12 (c) EFFECTIVE DATE.—The amendments made by
13 this section shall apply to determinations of earned income
14 and social security taxes for taxable years beginning after
15 the date of the enactment of this Act.

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