

119TH CONGRESS
1ST SESSION

H. R. 557

To amend the Internal Revenue Code of 1986 to establish a deduction
for certain amounts received as a bonus.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 20, 2025

Mr. BACON 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 establish
a deduction for certain amounts received as a bonus.

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 “Working Class Bonus
5 Tax Relief Act of 2025”.

6 **SEC. 2. DEDUCTION FOR BONUSES.**

7 (a) IN GENERAL.—

8 (1) DEDUCTION ALLOWED.—Part VII of sub-
9 chapter B of chapter 1 of the Internal Revenue Code
10 of 1986 is amended by redesignating section 224 as

1 section 225 and by inserting after section 223 the
2 following new section:

3 **“SEC. 224. BONUSES.**

4 “(a) IN GENERAL.—There shall be allowed as a de-
5 duction an amount equal to so much of any bonus received
6 by an individual as does not exceed 15 percent of such
7 individual’s non-bonus wages from the same employer for
8 the taxable year.

9 “(b) LIMITATION.—No deduction shall be allowed
10 under subsection (a) for any taxpayer whose adjusted
11 gross income for the taxable year exceeds—

12 “(1) in the case of a married couple filing joint-
13 ly, \$200,000,

14 “(2) in the case of a head of household,
15 \$150,000, or

16 “(3) in the case of any other individual,
17 \$100,000.

18 “(c) TERMINATION.—No deduction shall be allowed
19 under subsection (a) for any amounts received after De-
20 cember 31, 2029.”.

21 (2) CONFORMING AMENDMENT.—The table of
22 sections for part VII of subchapter B of chapter 1
23 of such Code is amended by redesignating the item
24 relating to section 224 as relating to section 225

1 and by inserting after the item relating to section
2 223 the following new item:

“Sec. 224. Bonuses.”.

3 (b) DEDUCTION ALLOWED TO NON-ITEMIZERS.—
4 Section 63(b) of the Internal Revenue Code of 1986 is
5 amended by striking “and” at the end of paragraph (3),
6 by striking the period at the end of paragraph (4) and
7 inserting “and”, and by adding at the end the following
8 new paragraph:

9 “(5) the deduction provided in section 224.”.

10 (c) NON-APPLICATION OF CERTAIN LIMITATIONS
11 FOR ITEMIZERS.—

12 (1) DEDUCTION NOT TREATED AS A MISCELLA-
13 NEOUS ITEMIZED DEDUCTION.—Section 67(b) of the
14 Internal Revenue Code of 1986 is amended by strik-
15 ing “and” at the end of paragraph (11), by striking
16 the period at the end of paragraph (12) and insert-
17 ing “, and”, and by adding at the end the following
18 new paragraph:

19 “(13) the deduction under section 224 (relating
20 to bonuses).”.

21 (2) DEDUCTION NOT TAKEN INTO ACCOUNT
22 UNDER OVERALL LIMITATION.—Section 68(c) of the
23 Internal Revenue Code of 1986 is amended by strik-
24 ing “and” at the end of paragraph (2), by striking
25 the period at the end of paragraph (3) and inserting

1 “, and”, and by adding at the end the following new
2 paragraph:

3 “(4) the deduction under section 224 (relating
4 to bonuses).”.

5 (d) WITHHOLDING.—The Secretary of the Treasury
6 (or the Secretary’s delegate) shall modify the tables and
7 procedures prescribed under section 3402(a) of the Inter-
8 nal Revenue Code of 1986 to take into account the deduc-
9 tion allowed under section 224 of such Code (as added
10 by this Act).

11 (e) EFFECTIVE DATE.—The amendments made by
12 this section shall apply to amounts received after the date
13 of the enactment of this Act.

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