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119TH CONGRESS
1ST SESSION

H. R. 6872

To amend the Internal Revenue Code of 1986 to exclude holiday bonuses from gross income, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

DECEMBER 18, 2025

Mr. MACKENZIE (for himself and Mr. MOSKOWITZ) 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 exclude holiday bonuses from gross income, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ‘‘Holiday Bonus Tax Relief Act of 2025’’.

SEC. 2. EXCLUSION FROM GROSS INCOME OF HOLIDAY BONUSES.

(a) IN GENERAL.—Part III of subchapter B of chapter 1 of the Internal Revenue Code of 1986 is amended by inserting after section 139L the following new section:

“SEC. 139M. QUALIFIED HOLIDAY BONUSES.

‘‘(a) IN GENERAL.—Gross income shall not include any qualified holiday bonus.

‘‘(b) LIMITATION.—

‘‘(1) IN GENERAL.—The amount which may be excluded under subsection (a) with respect to any individual shall not exceed $2,500.

‘‘(2) INFLATION ADJUSTMENT.—In the case of any taxable year beginning in a calendar year after 2026, the $2,500 amount in paragraph (1) shall be increased by an amount equal to—

‘‘(A) such dollar amount, multiplied by

‘‘(B) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting ‘calendar year 2025’ for ‘calendar year 2016’ in subparagraph (A)(ii) thereof.

Any increase determined under the preceding sentence shall be rounded to the nearest multiple of $100.

‘‘(c) QUALIFIED HOLIDAY BONUS.—For purposes of this section, the term ‘qualified holiday bonus’ means, with respect to a taxable year, any holiday, end-of-year, or similar bonus that is paid by an employer to an employee during the month of January, November, or December of such taxable year.

"(d) REGULATIONS.—The Secretary shall prescribe such regulations or other guidance as may be necessary to prevent reclassification of income as a qualified holiday bonus, including regulations or other guidance to prevent abuse of the exclusion allowed by this section.".

(b) QUALIFIED HOLIDAY BONUSES REQUIRED TO BE SHOWN ON W–2.—Section 6051(a) of such Code is amended by striking "and" at the end of paragraph (18), by striking the period at the end of paragraph (19) and inserting ", and", and by inserting after paragraph (19) the following new paragraph:

"(20) the total amount of qualified holiday bonuses (as defined in section 139M(c)).".

(c) CLERICAL AMENDMENT.—The table of sections for part III of subchapter B of chapter 1 of such Code is amended by inserting after the item relating to section 139L the following new item:

"Sec. 139M. Qualified holiday bonuses.".

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to bonuses received on or after November 1, 2025, in taxable years ending after such date.

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