

108TH CONGRESS
1ST SESSION

H. R. 1336

To amend the Internal Revenue Code of 1986 to allow a deduction for premiums on mortgage insurance, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MARCH 18, 2003

Mr. RYAN of Wisconsin (for himself, Mr. JEFFERSON, Mr. SHAW, Mr. LEWIS of Georgia, Mr. ENGLISH, Mr. TANNER, Mr. FOLEY, Mr. CANTOR, Mr. NEY, Mr. GREEN of Wisconsin, Mr. HAYES, and Mr. RADANOVICH) 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 allow a deduction for premiums on mortgage insurance, 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. PREMIUMS FOR MORTGAGE INSURANCE.**

4 (a) IN GENERAL.—Paragraph (3) of section 163(h)
5 of the Internal Revenue Code of 1986 (relating to quali-
6 fied residence interest) is amended by adding after sub-
7 paragraph (D) the following new subparagraph:

1 “(E) MORTGAGE INSURANCE PREMIUMS
2 TREATED AS INTEREST.—

3 “(i) IN GENERAL.—Premiums paid or
4 accrued for qualified mortgage insurance
5 by a taxpayer during the taxable year in
6 connection with acquisition indebtedness
7 with respect to a qualified residence of the
8 taxpayer shall be treated for purposes of
9 this subsection as qualified residence inter-
10 est.

11 “(ii) PHASEOUT.—The amount other-
12 wise allowable as a deduction under clause
13 (i) shall be reduced (but not below zero) by
14 10 percent of such amount for each \$1,000
15 (\$500 in the case of a married individual
16 filing a separate return) (or fraction there-
17 of) that the taxpayer’s adjusted gross in-
18 come for the taxable year exceeds
19 \$100,000 (\$50,000 in the case of a mar-
20 ried individual filing a separate return).”.

21 (b) DEFINITION AND SPECIAL RULES.—Paragraph
22 (4) of section 163(h) of the Internal Revenue Code of
23 1986 (relating to qualified residence interest) is amended
24 by adding at the end the following new subparagraphs:

1 “(E) QUALIFIED MORTGAGE INSUR-
2 ANCE.—The term ‘qualified mortgage insur-
3 ance’ means—

4 “(i) mortgage insurance provided by
5 the Veterans Administration, the Federal
6 Housing Administration, or the Rural
7 Housing Administration, and

8 “(ii) private mortgage insurance (as
9 defined by section 2 of the Homeowners
10 Protection Act of 1998 (12 U.S.C. 4901),
11 as in effect on the date of the enactment
12 of this subparagraph).

13 “(F) SPECIAL RULES FOR PREPAID QUALI-
14 FIED MORTGAGE INSURANCE.—Any amount
15 paid by the taxpayer for qualified mortgage in-
16 surance that is properly allocable to any mort-
17 gage the payment of which extends to periods
18 that are after the close of the taxable year in
19 which such amount is paid shall be chargeable
20 to capital account and shall be treated as paid
21 in such periods to which so allocated. No deduc-
22 tion shall be allowed for the unamortized bal-
23 ance of such account if such mortgage is satis-
24 fied before the end of its term. The preceding
25 sentences shall not apply to amounts paid for

1 qualified mortgage insurance provided by the
2 Veterans Administration or the Rural Housing
3 Administration.”

4 **SEC. 2. INFORMATION RETURNS RELATING TO MORTGAGE**
5 **INSURANCE.**

6 Section 6050H of the Internal Revenue Code of 1986
7 (relating to information returns relating to mortgage in-
8 terest) is amended by adding at the end the following new
9 subsection:

10 “(h) RETURNS RELATING TO MORTGAGE INSURANCE
11 PREMIUMS.—

12 “(1) IN GENERAL.—The Secretary may pre-
13 scribe, by regulations, that any person who, in the
14 course of a trade or business, receives from any indi-
15 vidual premiums for mortgage insurance aggregating
16 \$600 or more for any calendar year, shall make a
17 return with respect to each such individual. Such re-
18 turn shall be in such form, shall be made at such
19 time, and shall contain such information as the Sec-
20 retary may prescribe.

21 “(2) STATEMENT TO BE FURNISHED TO INDI-
22 VIDUALS WITH RESPECT TO WHOM INFORMATION IS
23 REQUIRED.—Every person required to make a re-
24 turn under paragraph (1) shall furnish to each indi-
25 vidual with respect to whom a return is made a writ-

1 ten statement showing such information as the Sec-
2 retary may prescribe. Such written statement shall
3 be furnished on or before January 31 of the year
4 following the calendar year for which the return
5 under paragraph (1) was required to be made.

6 “(3) SPECIAL RULES.—For purposes of this
7 subsection—

8 “(A) rules similar to the rules of sub-
9 section (c) shall apply, and

10 “(B) the term ‘mortgage insurance’
11 means—

12 “(i) mortgage insurance provided by
13 the Veterans Administration, the Federal
14 Housing Administration or the Rural
15 Housing Administration, and

16 “(ii) private mortgage insurance (as
17 defined by section 2 of the Homeowners
18 Protection Act of 1998 (12 U.S.C. 4901),
19 as in effect on the date of the enactment
20 of this subparagraph.”.

21 **SEC. 3. EFFECTIVE DATE.**

22 The amendments made by this Act shall apply to
23 amounts paid or accrued after the date of enactment of
24 this Act in taxable years ending after such date.

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