

109TH CONGRESS  
1ST SESSION

# H. R. 3804

To amend the Internal Revenue Code of 1986 to provide a 100 percent deduction for expenses related to identity theft.

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## IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 15, 2005

Mrs. MCCARTHY 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 provide a 100 percent deduction for expenses related to identity theft.

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 “Identity Theft Relief  
5       Act of 2005”.

6       **SEC. 2. DEDUCTION FOR EXPENSES RELATED TO IDENTITY**  
7       **THEFT.**

8       (a) IN GENERAL.—Part VII of subchapter B of chap-  
9       ter 1 of the Internal Revenue Code of 1986 (relating to  
10       additional itemized deductions) is amended by redesign-

1 nating section 224 as section 225 and by inserting after  
2 section 223 the following new section:

3 **“SEC. 224. EXPENSES RELATED TO IDENTITY THEFT.**

4       “(a) IN GENERAL.—In the case of an individual,  
5 there shall be allowed as a deduction all the ordinary and  
6 necessary expenses paid or incurred during the taxable  
7 year, not compensated for by insurance or otherwise, in  
8 connection with a qualified identity theft.

9       “(b) QUALIFIED IDENTITY THEFT.—For purposes of  
10 this section—

11               “(1) QUALIFIED IDENTITY THEFT.—In the case  
12 of an individual, the term ‘qualified identity theft’  
13 means a fraud committed or attempted using the  
14 identifying information of such individual without  
15 authority.

16               “(2) IDENTIFYING INFORMATION.—The term  
17 ‘identifying information’ means any name or number  
18 that may be used, alone or in conjunction with any  
19 other information, to identify such individual, includ-  
20 ing—

21                       “(A) a name, social security number, date  
22 of birth, official State or government issued  
23 driver’s license or identification number, alien  
24 registration number, government passport num-

1           ber, or employer or taxpayer identification num-  
2           ber,

3           “(B) unique biometric data, such as finger-  
4           print, voice print, retina or iris image, or other  
5           unique physical representation,

6           “(C) unique electronic identification num-  
7           ber, address, or routing code,

8           “(D) telecommunication identifying infor-  
9           mation or access device (as defined in section  
10          1029(e) of title 18, United States Code),

11          “(E) a bank, savings association, credit  
12          union, or investment account number,

13          “(F) a credit card or debit card account  
14          number,

15          “(G) a password, access code, or security  
16          code relating to—

17                  “(i) a bank, savings association, credit  
18                  union, or investment account number, or

19                  “(ii) a credit card or debit card ac-  
20                  count number, or

21          “(H) any other unique identifying informa-  
22          tion.”.

23          (b) DEDUCTION ALLOWED IN COMPUTING AD-  
24          JUSTED GROSS INCOME.—Subsection (a) of section 62 of

1 such Code is amended by inserting before the last sentence  
2 the following new paragraph:

3           “(21) EXPENSES RELATED TO IDENTITY  
4 THEFT.—The deduction allowed by section 224.”.

5       (c) CLERICAL AMENDMENT.—The table of sections  
6 for part VII of subchapter B of chapter 1 of such Code  
7 is amended by redesignating the item relating to section  
8 224 as an item relating to section 225 and inserting before  
9 such item the following new item:

“Sec. 224. Expenses related to identity theft.”.

10       (d) EFFECTIVE DATE.—The amendments made by  
11 this section shall apply to taxable years after December  
12 31, 2005.

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