

119TH CONGRESS
1ST SESSION

S. _____

To amend the Internal Revenue Code of 1986 to expand, and make permanent certain modifications of, the earned income credit.

IN THE SENATE OF THE UNITED STATES

Ms. CORTEZ MASTO introduced the following bill; which was read twice and referred to the Committee on _____

A BILL

To amend the Internal Revenue Code of 1986 to expand, and make permanent certain modifications of, the earned income credit.

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 Cut for Workers
5 Act of 2025”.

6 **SEC. 2. PERMANENT EXTENSION OF EARNED INCOME**

7 **CREDIT RULES FOR INDIVIDUALS WITHOUT**

8 **QUALIFYING CHILDREN.**

9 (a) DECREASE IN MINIMUM AGE FOR CREDIT.—

1 (1) IN GENERAL.—Subclause (II) of section
2 32(c)(1)(A)(ii) of the Internal Revenue Code of
3 1986 is amended by striking “age 25” and inserting
4 “the applicable minimum age”.

5 (2) APPLICABLE MINIMUM AGE.—Paragraph
6 (1) of section 32(c) of such Code is amended by add-
7 ing at the end the following new subparagraph:

8 “(F) APPLICABLE MINIMUM AGE.—For
9 purposes of this paragraph—

10 “(i) IN GENERAL.—The term ‘applica-
11 ble minimum age’ means—

12 “(I) except as otherwise provided
13 in this clause, age 19,

14 “(II) in the case of a student (as
15 defined in section 152(f)(2)), other
16 than a qualified former foster youth
17 or a qualified homeless youth, age 24,
18 and

19 “(III) in the case of a qualified
20 former foster youth or a qualified
21 homeless youth, age 18.

22 “(ii) QUALIFIED FORMER FOSTER
23 YOUTH.—For purposes of this subpara-
24 graph, the term ‘qualified former foster
25 youth’ means an individual who—

1 “(I) on or after the date that
2 such individual attained age 14, was
3 in foster care provided under the su-
4 pervision or administration of an enti-
5 ty administering (or eligible to admin-
6 ister) a plan under part B or part E
7 of title IV of the Social Security Act
8 (without regard to whether Federal
9 assistance was provided with respect
10 to such child under such part E), and

11 “(II) provides (in such manner
12 as the Secretary may provide) consent
13 for entities which administer a plan
14 under part B or part E of title IV of
15 the Social Security Act to disclose to
16 the Secretary information related to
17 the status of such individual as a
18 qualified former foster youth.

19 “(iii) QUALIFIED HOMELESS
20 YOUTH.—For purposes of this subpara-
21 graph, the term ‘qualified homeless youth’
22 means, with respect to any taxable year,
23 an individual who certifies, in a manner as
24 provided by the Secretary, that such indi-
25 vidual is either an unaccompanied youth

1 who is a homeless child or youth, or is un-
2 accompanied, at risk of homelessness, and
3 self-supporting.”.

4 (b) ELIMINATION OF MAXIMUM AGE FOR CREDIT.—
5 Subclause (II) of section 32(c)(1)(A)(ii) of the Internal
6 Revenue Code of 1986 is amended by striking “but not
7 attained age 65”.

8 (c) INCREASE IN CREDIT AND PHASEOUT PERCENT-
9 AGES.—The table contained in paragraph (1) of section
10 32(b) of the Internal Revenue Code of 1986 is amended
11 by striking “7.65” each place it appears and inserting
12 “15.3”.

13 (d) INCREASE IN EARNED INCOME AND PHASEOUT
14 AMOUNTS.—The table contained in subparagraph (A) of
15 section 32(b)(2) of the Internal Revenue Code of 1986 is
16 amended—

17 (1) by striking “\$4,220” and inserting
18 “\$9,820”, and

19 (2) by striking “\$5,280” and inserting
20 “\$11,610”.

21 (e) INFLATION ADJUSTMENTS.—

22 (1) IN GENERAL.—Paragraph (1) of section
23 32(j) of the Internal Revenue Code of 1986 is
24 amended to read as follows:

1 “(1) IN GENERAL.—In the case of any taxable
2 year beginning after—

3 “(A) 2021, in the case of the dollar
4 amount in subsection (i)(1),

5 “(B) 2026, in the case of the dollar
6 amounts in the third row of the table in sub-
7 section (b)(2)(A), and

8 “(C) 2015, in any other case,
9 each of the dollar amounts in subsections (b)(2) and
10 (i)(1) shall be increased by an amount equal to the
11 inflation amount.”.

12 (2) INFLATION AMOUNT.—Subsection (j) of sec-
13 tion 32 of such Code is amended by adding at the
14 end the following new paragraph:

15 “(3) INFLATION AMOUNT.—For purposes of
16 paragraph (1), the inflation amount with respect to
17 any dollar amount for any taxable year is the
18 amount equal to—

19 “(A) such dollar amount, multiplied by

20 “(B) the percentage (if any) by which—

21 “(i) the CPI (as defined in section
22 1(f)(4)) for the calendar year preceding
23 the year in which the taxable year begins,
24 exceeds

25 “(ii) the CPI (as so defined) for—

1 “(I) in the case of amounts in
2 the third row of the table in sub-
3 section (b)(2)(A), 2025,

4 “(II) in the case of any other
5 amount in subsection (b)(2)(A), 1995,

6 “(III) in the case of the \$5,000
7 amount in subsection (b)(2)(B), 2008,
8 and

9 “(IV) in the case of the \$10,000
10 amount in subsection (i)(1), 2020.”.

11 (f) CONFORMING AMENDMENT.—Section 32 of the
12 Internal Revenue Code of 1986 is amended by striking
13 subsection (n).

14 (g) EFFECTIVE DATE.—The amendments made by
15 this section shall apply to taxable years beginning after
16 December 31, 2025.

17 **SEC. 3. APPLICATION OF EARNED INCOME CREDIT TO POS-**
18 **SESSIONS OF THE UNITED STATES.**

19 (a) PUERTO RICO.—Subparagraph (B) of section
20 7530(a)(1) of the Internal Revenue Code of 1986 is
21 amended by striking “in the case of calendar years 2021
22 through 2025,”.

23 (b) POSSESSIONS WITH MIRROR CODE TAX SYS-
24 TEMS.—Subparagraph (B) of section 7530(b)(1) of the

1 Internal Revenue Code of 1986 is amended by striking “in
2 the case of calendar years 2021 through 2025,”.

3 (c) AMERICAN SAMOA.—Subparagraph (B) of section
4 7530(c)(1) of the Internal Revenue Code of 1986 is
5 amended by striking “in the case of calendar years 2021
6 through 2025,”.

7 **SEC. 4. ELECTION TO USE PRIOR YEAR EARNED INCOME.**

8 (a) IN GENERAL.—Paragraph (2) of section 32(c) of
9 the Internal Revenue Code of 1986 is amended by adding
10 at the end the following new subparagraph:

11 “(C) ELECTION TO USE PRIOR YEAR
12 EARNED INCOME.—

13 “(i) IN GENERAL.—If the earned in-
14 come of the taxpayer for any taxable year
15 is less than the earned income of the tax-
16 payer for the preceding taxable year, the
17 credit allowed under subsection (a) may, at
18 the election of the taxpayer, be determined
19 by substituting—

20 “(I) such earned income for such
21 preceding taxable year, for

22 “(II) such earned income for the
23 taxable year for which such credit is
24 being determined.

1 “(ii) APPLICATION TO JOINT RE-
2 TURNS.—For purposes of clause (i), in the
3 case of a joint return, the earned income
4 of the taxpayer for the preceding taxable
5 year shall be the sum of the earned income
6 of each spouse for such taxable year.

7 “(iii) SPECIAL RULES.—

8 “(I) ERRORS TREATED AS MATH-
9 EMATICAL ERRORS.—For purposes of
10 section 6213, an incorrect use on a re-
11 turn of earned income pursuant to
12 clause (i) shall be treated as a mathe-
13 matical or clerical error.

14 “(II) NO EFFECT ON DETER-
15 MINATION OF GROSS INCOME, ETC.—
16 Except as otherwise provided in this
17 subparagraph, this title shall be ap-
18 plied without regard to any substi-
19 tution under clause (i).”.

20 (b) EFFECTIVE DATE.—The amendment made by
21 subsection (a) shall apply to taxable years beginning after
22 December 31, 2025.