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(Original Signature of Member)

119TH CONGRESS
2D SESSION

H. R. ______

To amend the Internal Revenue Code of 1986 to provide American tariff rebates, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Mrs. FOUSHEE introduced the following bill; which was referred to the Committee on ______________________________

A BILL

To amend the Internal Revenue Code of 1986 to provide American tariff rebates, 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 "American Tariff Rebate Act".

SEC. 2. AMERICAN TARIFF REBATES.

(a) IN GENERAL.—Subchapter B of chapter 65 of the Internal Revenue Code of 1986 is amended by inserting after section 6428B the following new section:

"SEC. 6428C. AMERICAN TARIFF REBATES.

"(a) IN GENERAL.—In the case of an eligible individual, there shall be allowed as a credit against the tax imposed by subtitle A for the first taxable year beginning in 2026 an amount equal to the sum of—

"(1) $2,000 ($4,000 in the case of a joint return), plus

"(2) an amount equal to the product of $600 multiplied by the number of dependents of the taxpayer for such taxable year.

"(b) TREATMENT OF CREDIT.—The credit allowed by subsection (a) shall be treated as allowed by subpart C of part IV of subchapter A of chapter 1.

"(c) LIMITATION BASED ON ADJUSTED GROSS INCOME.—

"(1) IN GENERAL.—The amount of the credit allowed by subsection (a) (determined without regard to this subsection and subsection (e)) shall be reduced (but not below zero) by the amount which bears the same ratio to such credit (as so determined) as—

"(A) the excess of—

"(i) the taxpayer's adjusted gross income for such taxable year, over

"(ii) $75,000, bears to

"(B) $5,000.

"(2) SPECIAL RULES.—

"(A) JOINT RETURN OR SURVIVING SPOUSE.—In the case of a joint return or a surviving spouse (as defined in section 2(a)), paragraph (1) shall be applied by substituting '$150,000' for '$75,000' and '$10,000' for '$5,000'.

"(B) HEAD OF HOUSEHOLD.—In the case of a head of household (as defined in section 2(b)), paragraph (1) shall be applied by substituting '$112,500' for '$75,000' and '$7,500' for '$5,000'.

"(d) ELIGIBLE INDIVIDUAL.—For purposes of this section, the term 'eligible individual' means any individual other than—

"(1) any nonresident alien individual,

"(2) any individual who is a dependent of another taxpayer for a taxable year beginning in the calendar year in which the individual's taxable year begins, and

"(3) an estate or trust.

"(e) COORDINATION WITH ADVANCE REFUNDS OF CREDIT.—

"(1) REDUCTION OF REFUNDABLE CREDIT.— The amount of the credit which would (but for this paragraph) be allowable under subsection (a) shall be reduced (but not below zero) by the aggregate refunds and credits made or allowed to the taxpayer (or, except as otherwise provided by the Secretary, any dependent of the taxpayer) under subsection (f). Any failure to so reduce the credit shall be treated as arising out of a mathematical or clerical error and assessed according to section 6213(b)(1).

"(2) JOINT RETURNS.—Except as otherwise provided by the Secretary, in the case of a refund or credit made or allowed under subsection (f) with respect to a joint return, half of such refund or credit shall be treated as having been made or allowed to each individual filing such return.

"(f) ADVANCE REFUNDS AND CREDITS.—

"(1) IN GENERAL.—Subject to paragraph (5), each individual who was an eligible individual for such individual's first taxable year beginning in 2025 shall be treated as having made a payment against the tax imposed by chapter 1 for such taxable year in an amount equal to the advance refund amount for such taxable year.

"(2) ADVANCE REFUND AMOUNT.—

"(A) IN GENERAL.—For purposes of paragraph (1), the advance refund amount is the amount that would have been allowed as a credit under this section for such taxable year if this section (other than subsection (e) and this subsection) had applied to such taxable year.

"(B) TREATMENT OF DECEASED INDIVIDUALS.—For purposes of determining the advance refund amount with respect to such taxable year—

"(i) any individual who was deceased before January 1, 2026, shall be treated for purposes of applying subsection (g)(2) in the same manner as if the valid identification number of such person was not included on the return of tax for such taxable year (except that subparagraph (E) thereof shall not apply),

"(ii) notwithstanding clause (i), in the case of a joint return with respect to which only 1 spouse was deceased before January 1, 2026, such deceased spouse was a member of the Armed Forces of the United States at any time during the taxable year, and the valid identification number of such deceased spouse was included on the return of tax for the taxable year, the valid identification number of 1 (and only 1) spouse shall be treated as included on the return of tax for the taxable year for purposes of applying subsection (g)(2)(B) with respect to such joint return, and

"(iii) no amount shall be determined under subsection (g)(2) with respect to any dependent of the taxpayer if the taxpayer (both spouses in the case of a joint return) was deceased before January 1, 2026.

"(3) TIMING AND MANNER OF PAYMENTS.—

"(A) TIMING.—The Secretary shall, subject to the provisions of this title, refund or credit any overpayment attributable to this subsection as rapidly as possible. No refund or credit shall be made or allowed under this subsection after December 31, 2026.

"(B) DELIVERY OF PAYMENTS.—Notwithstanding any other provision of law, the Secretary may certify and disburse refunds payable under this subsection electronically to any account to which the payee authorized, on or after January 1, 2024, the delivery of a refund of taxes under this title or of a Federal payment (as defined in section 3332 of title 31, United States Code).

"(C) WAIVER OF CERTAIN RULES.—Notwithstanding section 3325 of title 31, United States Code, or any other provision of law, with respect to any payment of a refund under this subsection, a disbursing official in the executive branch of the United States Government may modify payment information received from an officer or employee described in section 3325(a)(1)(B) of such title for the purpose of facilitating the accurate and efficient delivery of such payment. Except in cases of fraud or reckless neglect, no liability under sections 3325, 3527, 3528, or 3529 of title 31, United States Code, shall be imposed with respect to payments made under this subparagraph.

"(4) NO INTEREST.—No interest shall be allowed on any overpayment attributable to this subsection.

"(5) ALTERNATE TAXABLE YEAR.—In the case of an individual who, at the time of any determination made pursuant to paragraph (3), has not filed a tax return for the year described in paragraph (1), the Secretary may—

"(A) apply such paragraph by substituting '2024' for '2025', and

"(B) if the individual has not filed a tax return for such individual's first taxable year beginning in 2024, use information with respect to such individual for calendar year 2024 provided in—

"(i) Form SSA–1099, Social Security Benefit Statement, or

"(ii) Form RRB–1099, Social Security Equivalent Benefit Statement.

"(6) PAYMENT TO REPRESENTATIVE PAYEES AND FIDUCIARIES.—

"(A) IN GENERAL.—In the case of any individual for which payment information is provided to the Secretary by the Commissioner of Social Security, the Railroad Retirement Board, or the Secretary of Veterans Affairs, the payment by the Secretary under paragraph (3) with respect to such individual may be made to such individual's representative payee or fiduciary and the entire payment shall be—

"(i) provided to the individual who is entitled to the payment, or "(ii) used only for the benefit of the individual who is entitled to the payment.

"(B) APPLICATION OF ENFORCEMENT PROVISIONS.—

"(i) In the case of a payment described in subparagraph (A) which is made with respect to a social security beneficiary or a supplemental security income recipient, section 1129(a)(3) of the Social Security Act shall apply to such payment in the same manner as such section applies to a payment under title II or XVI of such Act.

"(ii) In the case of a payment described in subparagraph (A) which is made with respect to a railroad retirement beneficiary, section 13 of the Railroad Retirement Act shall apply to such payment in the same manner as such section applies to a payment under such Act.

"(iii) In the case of a payment described in subparagraph (A) which is made with respect to a veterans beneficiary, sections 5502, 6106, and 6108 of title 38, United States Code, shall apply to such payment in the same manner as such sections apply to a payment under such title.

"(7) NOTICE TO TAXPAYER.—Not later than 15 days after the date on which the Secretary distributed any payment to an eligible taxpayer pursuant to this subsection, notice shall be sent by mail to such taxpayer's last known address. Such notice shall indicate the method by which such payment was made, the amount of such payment, and a phone number for the appropriate point of contact at the Internal Revenue Service to report any failure to receive such payment.

"(g) DEFINITIONS AND SPECIAL RULES.—

"(1) DEPENDENT DEFINED.—For purposes of this section, the term 'dependent' has the meaning given such term by section 152.

"(2) IDENTIFICATION NUMBER REQUIREMENT.—

"(A) IN GENERAL.—In the case of a return other than a joint return, the \$2,000 amount in subsection (a)(1) shall be treated as being zero unless the taxpayer includes the valid identification number of the taxpayer on the return of tax for the taxable year.

"(B) JOINT RETURNS.—In the case of a joint return, the $4,000 amount in subsection (a)(1) shall be treated as being—

"(i) $2,000 if the valid identification number of only 1 spouse is included on the return of tax for the taxable year, and

"(ii) zero if the valid identification number of neither spouse is so included.

"(C) DEPENDENTS.—A dependent shall not be taken into account under subsection (a)(2) unless the valid identification number of such dependent is included on the return of tax for the taxable year.

"(D) VALID IDENTIFICATION NUMBER.—

"(i) IN GENERAL.—For purposes of this paragraph, the term 'valid identification number' means a social security number issued to an individual by the Social Security Administration on or before the due date for filing the return for the taxable year.

"(ii) ADOPTION TAXPAYER IDENTIFICATION NUMBER.—For purposes of subparagraph (C), in the case of a dependent who is adopted or placed for adoption, the term 'valid identification number' shall include the adoption taxpayer identification number of such dependent.

"(E) SPECIAL RULE FOR MEMBERS OF THE ARMED FORCES.—Subparagraph (B) shall not apply in the case where at least 1 spouse was a member of the Armed Forces of the United States at any time during the taxable year and the valid identification number of at least 1 spouse is included on the return of tax for the taxable year.

"(F) MATHEMATICAL OR CLERICAL ERROR AUTHORITY.—Any omission of a correct valid identification number required under this paragraph shall be treated as a mathematical or clerical error for purposes of applying section 6213(g)(2) to such omission.

"(h) REGULATIONS.—The Secretary shall prescribe such regulations or other guidance as may be necessary to carry out the purposes of this section, including any such measures as are deemed appropriate to avoid allowing multiple credits or rebates to a taxpayer.".

(b) ADMINISTRATIVE PROVISIONS.—

(1) DEFINITION OF DEFICIENCY.—Section 6211(b)(4)(A) of the Internal Revenue Code of 1986 is amended by inserting “6428C,” after “6428B,”.

(2) MATHEMATICAL OR CLERICAL ERROR AUTHORITY.—Section 6213(g)(2)(L) of such Code is amended by striking “or 6428A” and inserting “6428A, or 6428C”.

(c) TREATMENT OF CERTAIN POSSESSIONS.—

(1) PAYMENTS TO POSSESSIONS WITH MIRROR CODE TAX SYSTEMS.—The Secretary of the Treasury shall pay to each possession of the United States which has a mirror code tax system amounts equal to the loss (if any) to that possession by reason of the amendments made by this section. Such amounts shall be determined by the Secretary of the Treasury based on information provided by the government of the respective possession.

(2) PAYMENTS TO OTHER POSSESSIONS.—The Secretary of the Treasury shall pay to each possession of the United States which does not have a mirror code tax system amounts estimated by the Secretary of the Treasury as being equal to the aggregate benefits (if any) that would have been provided to residents of such possession by reason of the amendments made by this section if a mirror code

tax system had been in effect in such possession. The preceding sentence shall not apply unless the respective possession has a plan, which has been approved by the Secretary of the Treasury, under which such possession will promptly distribute such payments to its residents.

(3) INCLUSION OF ADMINISTRATIVE EXPENSES.—The Secretary of the Treasury shall pay to each possession of the United States to which the Secretary makes a payment under paragraph (1) or (2) an amount equal to the lesser of—

(A) the increase (if any) of the administrative expenses of such possession—

(i) in the case of a possession described in paragraph (1), by reason of the amendments made by this section, and

(ii) in the case of a possession described in paragraph (2), by reason of carrying out the plan described in such paragraph, or

(B) $500,000 ($10,000,000 in the case of Puerto Rico).

The amount described in subparagraph (A) shall be determined by the Secretary of the Treasury based on information provided by the government of the respective possession.

(4) COORDINATION WITH CREDIT ALLOWED AGAINST UNITED STATES INCOME TAXES.—No credit shall be allowed against United States income taxes under section 6428C of the Internal Revenue Code of 1986 (as added by this section), nor shall any credit or refund be made or allowed under subsection (f) of such section, to any person—

(A) to whom a credit is allowed against taxes imposed by the possession by reason of the amendments made by this section, or

(B) who is eligible for a payment under a plan described in paragraph (2).

(5) DEFINITIONS AND SPECIAL RULES.—

(A) POSSESSION OF THE UNITED STATES.—For purposes of this subsection, the term ''possession of the United States'' includes the Commonwealth of Puerto Rico and the Commonwealth of the Northern Mariana Islands.

(B) MIRROR CODE TAX SYSTEM.—For purposes of this subsection, the term ''mirror code tax system'' means, with respect to any possession of the United States, the income tax system of such possession if the income tax liability of the residents of such possession under such system is determined by reference to the income tax laws of the United States as if such possession were the United States.

(C) TREATMENT OF PAYMENTS.—For purposes of section 1324 of title 31, United States Code, the payments under this subsection shall be treated in the same manner as a refund due from a credit provision referred to in subsection (b)(2) of such section.

(d) EXCEPTION FROM REDUCTION OR OFFSET.—Any credit or refund allowed or made to any individual by reason of section 6428C of the Internal Revenue Code of 1986 (as added by this section) or by reason of subsection (c) of this section shall not be—

(1) subject to reduction or offset pursuant to subsection (c), (d), (e), or (f) of section 6402 of the Internal Revenue Code of 1986 or any similar authority permitting offset, or

(2) reduced or offset by other assessed Federal taxes that would otherwise be subject to levy or collection.

(e) PUBLIC AWARENESS CAMPAIGN.—The Secretary of the Treasury (or the Secretary's delegate) shall conduct a public awareness campaign, in coordination with the Commissioner of Social Security and the heads of other relevant Federal agencies, to provide information regarding the availability of the credit and rebate allowed under section 6428C of the Internal Revenue Code of 1986 (as added by this section), including information with respect to individuals who may not have filed a tax return for taxable year 2024 or 2025.

(f) CONFORMING AMENDMENTS.—

(1) Paragraph (2) of section 1324(b) of title 31, United States Code, is amended by inserting "6428C," after "6428B,".

(2) The table of sections for subchapter B of chapter 65 of the Internal Revenue Code of 1986 is amended by inserting after the item relating to section 6428B the following new item:

"Sec. 6428C. American tariff rebates.".

(g) APPROPRIATIONS.—Immediately upon the enactment of this Act, in addition to amounts otherwise available, there are appropriated for fiscal year 2026, out of any money in the Treasury not otherwise appropriated:

(1) $1,464,500,000 to remain available until September 30, 2028, for necessary expenses for the Internal Revenue Service for the administration of the advance payments, the provision of taxpayer assistance, and the furtherance of integrated, modern-

ized, and secure Internal Revenue Service systems, of which up to $20,000,000 is available for premium pay for services related to the development of information technology as determined by the Commissioner of the Internal Revenue occurring between January 1, 2025, and December 31, 2027, and all of which shall supplement and not supplant any other appropriations that may be available for this purpose.

(2) $7,000,000 to remain available until September 30, 2027, for necessary expenses for the Bureau of the Fiscal Service to carry out this section (and the amendments made by this section), which shall supplement and not supplant any other appropriations that may be available for this purpose, and

(3) $8,000,000 to remain available until September 30, 2028, for the Treasury Inspector General for Tax Administration for the purposes of overseeing activities related to the administration of this section (and the amendments made by this section), which shall supplement and not supplant any other appropriations that may be available for this purpose.

SEC. 3. REPEAL OF EXTENSION AND ENHANCEMENT OF REDUCED RATES.

(a) IN GENERAL.—Section 1 of the Internal Revenue Code of 1986 is amended by striking subsection (j).

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect as if included in section 70101 of Public Law 119–21.

SEC. 4. MODIFICATION OF ESTATE AND GIFT TAX EXEMPTION AMOUNTS.

(a) IN GENERAL.—Section 2010(c)(3)(A) of the Internal Revenue Code of 1986 is amended by striking "$15,000,000" and inserting "$10,000,000".

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect as if included in section 70106 of Public Law 119–21.

SEC. 5. RESCISSIONS OF CERTAIN IMMIGRATION ENFORCEMENT FUNDS.

(a) INFRASTRUCTURE AND WALL SYSTEM.—There is permanently rescinded $46,550,000,000.00, to be derived from the unobligated balances of amounts made available by section 90001 of the Act titled, "An Act to provide for reconciliation pursuant to title II of H. Con. Res. 14" (Public Law 119–21), for border infrastructure and wall system.

(b) DETENTION CAPACITY.—There is permanently rescinded $45,000,000,000.00, to be derived from the unobligated balances of amounts made available by section 90003 of the Act titled, ‘‘An Act to provide for reconciliation pursuant to title II of H. Con. Res. 14’’ (Public Law 119–21), for detention capacity.