

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.

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IN THE SENATE OF THE UNITED STATES

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

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**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.