

Suspend the Rules and Pass the Bill, H.R. 9500, With an Amendment

(The amendment strikes all after the enacting clause and inserts a new text)

119TH CONGRESS
2D SESSION

H. R. 9500

To amend the Internal Revenue Code of 1986 to repeal the limitation on deductions for personal casualty losses and to provide for increased taxpayer relief with respect to theft losses involving fraud, deceit, or misrepresentation.

IN THE HOUSE OF REPRESENTATIVES

JUNE 29, 2026

Mr. MILLER of Ohio (for himself and Mr. SUOZZI) 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 repeal the limitation on deductions for personal casualty losses and to provide for increased taxpayer relief with respect to theft losses involving fraud, deceit, or misrepresentation.

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 Relief for Fraud
5 Victims Act”.

1 **SEC. 2. REPEAL OF LIMITATION ON DEDUCTIONS FOR PER-**
2 **SONAL CASUALTY LOSSES; INCREASED TAX-**
3 **PAYER RELIEF WITH RESPECT TO CERTAIN**
4 **THEFT LOSSES.**

5 (a) REPEAL OF LIMITATION ON DEDUCTIONS FOR
6 PERSONAL CASUALTY LOSSES.—Section 165(h) of the In-
7 ternal Revenue Code of 1986 is amended by striking para-
8 graph (5).

9 (b) CERTAIN THEFT LOSSES SUSTAINED DURING
10 TAXABLE YEAR OF CHOICE; EXTENSION OF PERIOD OF
11 LIMITATION FOR CREDIT OR REFUND CLAIMS FOR CER-
12 TAIN THEFT LOSSES.—

13 (1) CERTAIN THEFT LOSSES SUSTAINED DUR-
14 ING TAXABLE YEAR OF CHOICE.—Section 165(e) of
15 such Code is amended to read as follows:

16 “(e) THEFT LOSSES.—For purposes of subsection
17 (a)—

18 “(1) IN GENERAL.—Except as provided in para-
19 graph (2), any loss arising from theft shall be treat-
20 ed as sustained during the taxable year in which the
21 taxpayer discovers such loss.

22 “(2) THEFT LOSSES INVOLVING FRAUD, DE-
23 CEIT, OR MISREPRESENTATION.—In the case of any
24 loss arising from theft involving fraud, deceit, or
25 misrepresentation (as defined by the Secretary), the

1 taxpayer may elect to treat such loss as sustained
2 during the taxable year in which such loss occurs.”.

3 (2) EXTENSION OF PERIOD OF LIMITATION FOR
4 CREDIT OR REFUND CLAIMS FOR CERTAIN THEFT
5 LOSSES.—Section 165(h)(4) of such Code is amend-
6 ed by adding at the end the following new subpara-
7 graph:

8 “(F) PERIOD OF LIMITATION FOR CREDIT
9 OR REFUND CLAIMS FOR THEFT LOSSES IN-
10 VOLVING FRAUD, DECEIT, OR MISREPRESENTA-
11 TION.—In the case of a claim for credit or re-
12 fund with respect to a deduction allowed under
13 subsection (a) for any loss arising from theft in-
14 volving fraud, deceit, or misrepresentation—

15 “(i) the period of limitation prescribed
16 by section 6511(a) for the filing of such
17 claim shall be treated as not expiring ear-
18 lier than the date that is 1 year after the
19 date on which the taxpayer discovers such
20 loss, and

21 “(ii) section 6511(b)(2) shall not
22 apply with respect to the filing of such
23 claim.”.

24 (c) DISTRIBUTIONS RELATING TO THEFT LOSSES
25 INVOLVING FRAUD, DECEIT, OR MISREPRESENTATION.—

1 Section 72(t)(2) of such Code is amended by adding at
2 the end the following new subparagraph:

3 “(O) DISTRIBUTIONS RELATING TO THEFT
4 LOSSES INVOLVING FRAUD, DECEIT, OR MIS-
5 REPRESENTATION.—

6 “(i) IN GENERAL.—Any distribution
7 to the extent it relates to any loss arising
8 from theft involving fraud, deceit, or mis-
9 representation for which a deduction is al-
10 lowed under section 165(a).

11 “(ii) AMOUNT DISTRIBUTED MAY BE
12 REPAID.—Rules similar to the rules of sub-
13 paragraph (H)(v) shall apply with respect
14 to an individual who receives a distribution
15 to which clause (i) applies, except that sub-
16 paragraph (H)(v)(I) shall be applied by
17 substituting ‘1-year period beginning on
18 the day after the date on which the tax-
19 payer discovers the loss described in sub-
20 paragraph (O)(i)’ for ‘3-year period begin-
21 ning on the day after the date on which
22 such distribution was received’.

23 “(iii) PERIOD OF LIMITATION FOR
24 CREDIT OR REFUND CLAIMS.—In the case
25 of a claim for credit or refund of the tax

1 imposed by paragraph (1) with respect to
2 a distribution described in clause (i)—

3 “(I) the period of limitation pre-
4 scribed by section 6511(a) for the fil-
5 ing of such claim shall be treated as
6 not expiring earlier than the date that
7 is 1 year after the date on which the
8 taxpayer discovers the loss described
9 in clause (i), and

10 “(II) section 6511(b)(2) shall not
11 apply with respect to the filing of such
12 claim.”.

13 (d) CROSS REFERENCE.—Section 6511(i) of such
14 Code is amended by adding at the end the following new
15 paragraph:

16 “(8) For a period of limitations for credit or re-
17 fund in the case of theft losses involving fraud, de-
18 ceit, or misrepresentation, see sections
19 72(t)(2)(O)(iii) and 165(h)(4)(F).”.

20 (e) CLAIM PROCESSING DEADLINE.—In the case of
21 a claim for credit or refund with respect to a deduction
22 allowed under section 165(a) of such Code for any speci-
23 fied personal casualty loss (as defined in subsection (f)(5))
24 or with respect to any distribution described in section
25 72(t)(2)(O)(i) of such Code (as added by this section), the

1 Secretary of the Treasury (or the Secretary's delegate)
2 shall process such claim not later than 2 years after the
3 date on which such claim is filed.

4 (f) EFFECTIVE DATES.—

5 (1) IN GENERAL.—Except as otherwise pro-
6 vided in this subsection, the amendments made by
7 this section shall apply to losses sustained in taxable
8 years beginning after December 31, 2025.

9 (2) SPECIFIED PERSONAL CASUALTY LOSSES.—
10 In the case of any specified personal casualty loss,
11 paragraph (1) shall be applied by substituting “De-
12 cember 31, 2020” for “December 31, 2025”.

13 (3) DISTRIBUTIONS RELATING TO THEFT
14 LOSSES INVOLVING FRAUD, DECEIT, OR MISREPRE-
15 SENTATION.—The amendment made by subsection
16 (c) shall apply to distributions made after December
17 31, 2020.

18 (4) EXTENSION OF PERIOD OF LIMITATION FOR
19 CREDIT OR REFUND CLAIMS FOR SPECIFIED PER-
20 SONAL CASUALTY LOSSES.—

21 (A) FRAUD-RELATED PERSONAL CASUALTY
22 LOSSES.—In the case of any fraud-related per-
23 sonal casualty loss, if the taxpayer discovers
24 such loss before the date of the enactment of
25 this section—

1 (i) section 165(h)(4)(F)(i) of the In-
2 ternal Revenue Code of 1986 (as added by
3 this section) shall be applied by sub-
4 stituting “the date of the enactment of this
5 subparagraph” for “the date on which the
6 taxpayer discovers such loss”, and

7 (ii) section 72(t)(2)(O)(iii)(I) of such
8 Code (as added by this section) shall be
9 applied by substituting “the date of the en-
10 actment of this subparagraph” for “the
11 date on which the taxpayer discovers the
12 loss described in clause (i)”.

13 (B) PYRRHOTITE-RELATED PERSONAL
14 CASUALTY LOSSES.—In the case of a claim for
15 credit or refund with respect to a deduction al-
16 lowed under section 165(a) of the Internal Rev-
17 enue Code of 1986 for any pyrrhotite-related
18 personal casualty loss—

19 (i) the period of limitation prescribed
20 by section 6511(a) of such Code for the fil-
21 ing of such claim shall be treated as not
22 expiring earlier than the date that is 1
23 year after the date of the enactment of this
24 section, and

1 (ii) section 6511(b)(2) of such Code
2 shall not apply with respect to the filing of
3 such claim.

4 (5) SPECIFIED PERSONAL CASUALTY LOSS.—
5 For purposes of this subsection—

6 (A) SPECIFIED PERSONAL CASUALTY
7 LOSS.—The term “specified personal casualty
8 loss” means—

9 (i) any fraud-related personal casualty
10 loss, and

11 (ii) any pyrrhotite-related personal
12 casualty loss.

13 (B) FRAUD-RELATED PERSONAL CASUALTY
14 LOSS.—The term “fraud-related personal cas-
15 ualty loss” means any personal casualty loss (as
16 defined in section 165(h)(3)(B) of the Internal
17 Revenue Code of 1986) sustained after Decem-
18 ber 31, 2020, and before January 1, 2026, aris-
19 ing from theft involving fraud, deceit, or mis-
20 representation (as defined by the Secretary).

21 (C) PYRRHOTITE-RELATED PERSONAL CAS-
22 UALTY LOSS.—The term “pyrrhotite-related
23 personal casualty loss” means any personal cas-
24 ualty loss (as defined in section 165(h)(3)(B) of
25 the Internal Revenue Code of 1986) sustained

1 after December 31, 2020, and before January
2 1, 2026, in connection with damage to a prin-
3 cipal residence (within the meaning of section
4 121 of such Code) by reason of deterioration of
5 a concrete foundation adversely impacted by
6 pyrrhotite.