

**AMENDMENT IN THE NATURE OF A
SUBSTITUTE TO THE COMMITTEE PRINT
RELATING TO RETIREMENT
OFFERED BY MR. NEAL OF MASSACHUSETTS**

In lieu of the proposed recommendations, insert the following:

1 **Subtitle B—Retirement**

2 **SEC. 131001. AMENDMENT OF 1986 CODE.**

3 Except as otherwise expressly provided, whenever in
4 this subtitle an amendment or repeal is expressed in terms
5 of an amendment to, or repeal of, a section or other provi-
6 sion, the reference shall be considered to be made to a
7 section or other provision of the Internal Revenue Code
8 of 1986.

9 **PART 1—AUTOMATIC CONTRIBUTION PLANS AND**
10 **ARRANGEMENTS**

11 **SEC. 131101. TAX IMPOSED ON EMPLOYERS FAILING TO**
12 **MAINTAIN OR FACILITATE AUTOMATIC CON-**
13 **TRIBUTION PLAN OR ARRANGEMENT.**

14 (a) AUTOMATIC CONTRIBUTION PLAN OR ARRANGE-
15 MENT.—

16 (1) IN GENERAL.—Section 414 is amended by
17 adding at the end the following:

1 “(aa) AUTOMATIC CONTRIBUTION PLAN OR AR-
2 RANGEMENT.—For purposes of this title—

3 “(1) IN GENERAL.—The term ‘automatic con-
4 tribution plan or arrangement’ means—

5 “(A) a defined contribution plan that—

6 “(i) is described in clause (i), (ii), or
7 (iv) of section 219(g)(5)(A),

8 “(ii) includes a qualified cash or de-
9 ferred arrangement or a salary reduction
10 arrangement, and

11 “(iii) meets the notice, eligibility, con-
12 tribution, investment, fee, and lifetime in-
13 come requirements of paragraphs (2), (3),
14 (4), (5), (6), and (7), respectively,

15 “(B) an automatic IRA arrangement de-
16 scribed in paragraph (8),

17 “(C) an arrangement described in section
18 408(p) that meets the notice, contribution, in-
19 vestment, and fee requirements described in
20 paragraphs (2), (4), (5), and (6), and

21 “(D) a plan described in clause (i), (ii),
22 (iv), (v), or (vi) of section 219(g)(5)(A) that is
23 established and maintained by an employer as
24 of the date of enactment of the Act to provide
25 for reconciliation pursuant to title II of S. Con.

1 Res. 14, or a plan described in section
2 219(g)(5)(A)(iv) that is not subject to title I of
3 the Employee Retirement Income Security Act
4 of 1974 and offers annuity contracts, or makes
5 custodial accounts available to employees, as of
6 such date.

7 “(2) NOTICE REQUIREMENTS.—A plan or ar-
8 rangement shall be treated as meeting the notice re-
9 quirements of this paragraph with respect to an em-
10 ployee if the plan or arrangement meets the notice
11 requirements of, or similar to, the notice require-
12 ments of section 401(k)(13)(E), excluding any such
13 notice requirements that are not applicable or rel-
14 evant to the such plan or arrangement.

15 “(3) ELIGIBILITY REQUIREMENTS.—

16 “(A) IN GENERAL.—The requirements of
17 this paragraph shall be treated as met if all em-
18 ployees of the employer are eligible to partici-
19 pate in an automatic contribution plan or ar-
20 rangement maintained or facilitated by the em-
21 ployer.

22 “(B) CERTAIN EXCLUSIONS.—The fol-
23 lowing employees may be excluded from consid-
24 eration in determining whether the require-
25 ments of this paragraph are met:

1 “(i) INDIVIDUALS LESS THAN 21
2 YEARS OLD.—Any employee who has not
3 attained age 21.

4 “(ii) CERTAIN OTHER EMPLOYEES.—
5 Any employee described in section
6 410(b)(3).

7 “(iii) SERVICE REQUIREMENTS.—Any
8 employee who has not completed at least
9 one of the following periods of service with
10 the employer maintaining or facilitating
11 the plan or arrangement:

12 “(I) The period permitted under
13 section 410(a)(1) (determined without
14 regard to subparagraph (B)(i) there-
15 of).

16 “(II) A period of 2 consecutive
17 12-month periods during each of
18 which the employee has at least 500
19 hours of service.

20 “(C) SPECIAL RULES FOR CONTROLLED
21 GROUPS.—Eligible employees within an em-
22 ployer need not be eligible to participate in the
23 same automatic contribution plan or arrange-
24 ment. For purposes of this subsection, the term
25 ‘employer’ shall include all employers treated as

1 a single employer under subsection (b), (c),
2 (m), or (o) of section 414.

3 “(D) ENTRY DATES.—Rules similar to the
4 rules of section 410(a)(4) shall apply with re-
5 spect to employees who have satisfied the age
6 and service requirements referenced in subpara-
7 graph (B) and who are otherwise entitled to
8 participate in a plan or arrangement.

9 “(4) CONTRIBUTION REQUIREMENTS.—

10 “(A) IN GENERAL.—The requirements of
11 this paragraph shall be treated as met if, under
12 the plan or arrangement, each employee eligible
13 to participate in the plan or arrangement is
14 treated as having elected to have the employer
15 make elective contributions in an amount equal
16 to the qualified percentage of compensation.

17 “(B) ELECTION OUT.—The election treat-
18 ed as having been made under subparagraph
19 (A) shall cease to apply with respect to any em-
20 ployee if such employee makes an affirmative
21 election—

22 “(i) not to have such contributions
23 made, or

1 “(ii) to make elective contributions at
2 a level specified in such affirmative elec-
3 tion.

4 “(C) QUALIFIED PERCENTAGE.—For pur-
5 poses of this paragraph, and except as provided
6 in subparagraph (D)(i), the term ‘qualified per-
7 centage’ means, with respect to any employee,
8 any percentage determined under the plan or
9 arrangement if such percentage is applied uni-
10 formly, does not exceed 15 percent (10 percent
11 during the period described in clause (i)), and
12 is at least—

13 “(i) 6 percent during the period end-
14 ing on the last day of the first plan year
15 which begins after the date on which the
16 first elective contribution described in sub-
17 paragraph (A) is made with respect to
18 such employee,

19 “(ii) 7 percent during the first plan
20 year following the plan year described in
21 clause (i),

22 “(iii) 8 percent during the first plan
23 year following the plan year described in
24 clause (ii),

1 “(iv) 9 percent during the first plan
2 year following the plan year described in
3 clause (iii), and

4 “(v) 10 percent during any subse-
5 quent plan year.

6 “(D) RULES RELATING TO AUTOMATIC
7 IRA ARRANGEMENTS.—For purposes of this
8 paragraph—

9 “(i) QUALIFIED PERCENTAGE.—In
10 the case of an automatic IRA arrange-
11 ment, the term ‘qualified percentage’
12 means, with respect to an employee for any
13 plan year, a percentage equal to the min-
14 imum percentage described for such plan
15 year under subparagraph (C).

16 “(ii) PAYROLL DEDUCTION CONTRIBU-
17 TIONS.—In the case of an automatic IRA
18 arrangement, any reference in this para-
19 graph to elective contributions shall be
20 treated as including a reference to payroll
21 deduction contributions.

22 “(5) INVESTMENT REQUIREMENTS.—

23 “(A) IN GENERAL.—

24 “(i) DEFAULT INVESTMENTS.—A plan
25 or arrangement shall be treated as meeting

1 the requirements of this paragraph if in
2 the absence of an investment election by a
3 participant or beneficiary, amounts are in-
4 vested only in the class of assets or funds
5 described in subparagraph (B).

6 “(ii) REQUIRED INVESTMENT OP-
7 TIONS IN AUTOMATIC IRA ARRANGE-
8 MENT.—In addition to the default invest-
9 ment requirement of clause (i), an auto-
10 matic IRA arrangement shall be treated as
11 meeting the requirements of this para-
12 graph if the arrangement also allows the
13 participant to invest in any of the class of
14 assets or funds described in subparagraph
15 (B), (C), (D), or (E), and provides for no
16 other investment options.

17 “(B) TARGET DATE/LIFECYCLE OPTION.—
18 The class of assets or funds described in this
19 clause is the class of assets or funds that con-
20 stitutes a qualified default investment alter-
21 native under Department of Labor regulation
22 section 2550.404c-5(e)(4)(i).

23 “(C) PRINCIPAL PRESERVATION.—The
24 class of assets or funds described in this clause
25 is the class of assets or funds that is designed

1 to protect the principal of the individual on an
2 ongoing basis.

3 “(D) BALANCED OPTION.—The class of
4 assets or funds described in this clause is the
5 class of assets or funds that constitutes a quali-
6 fied default investment alternative under De-
7 partment of Labor regulation section
8 2550.404e-5(e)(4)(ii).

9 “(E) OTHER.—Any other class of assets or
10 funds determined by the Secretary to be a
11 qualified investment for purposes of this sec-
12 tion.

13 “(6) FEE REQUIREMENTS.—In the case of any
14 plan or arrangement not otherwise subject to title I
15 of the Employee Retirement Income Security Act of
16 1974, under the fee requirements of this paragraph,
17 no participant may be charged unreasonable fees or
18 expenses.

19 “(7) LIFETIME INCOME REQUIREMENTS.—

20 “(A) IN GENERAL.—A plan or arrange-
21 ment shall be treated as meeting the lifetime in-
22 come requirement described in this paragraph if
23 the plan or arrangement permits participants to
24 elect to receive at least 50 percent of their vest-

1 ed account balance in a form of distribution de-
2 scribed in section 401(a)(38)(B)(iii).

3 “(B) EXCEPTION.—

4 “(i) IN GENERAL.—This paragraph
5 shall not apply with respect to any partici-
6 pant whose vested account balance is
7 \$200,000 or less at the time of distribu-
8 tion.

9 “(ii) NOT TREATED AS DISCRIMINA-
10 TORY IN FAVOR OF HIGHLY COMPENSATED
11 EMPLOYEES.—A plan shall not be treated
12 as failing to meet the requirements of sec-
13 tion 401(a)(4) solely by reason of applying
14 the exception of clause (i) to the require-
15 ments of subparagraph (A).

16 “(8) AUTOMATIC IRA ARRANGEMENT.—

17 “(A) IN GENERAL.—For purposes of this
18 paragraph, the term ‘automatic IRA arrange-
19 ment’ means, with respect to an employer (and
20 trustee or issuer designated by the employer),
21 an arrangement facilitated by the employer
22 which meets the requirements of this paragraph
23 and the eligibility, contribution, investment, and
24 fee requirements of paragraphs (3), (4), (5),
25 and (6), and under which an employee—

1 “(i) may elect—

2 “(I) to have the employer make
3 payroll deduction deposits on behalf of
4 the individual as payroll deduction
5 contributions to an individual retire-
6 ment account, or

7 “(II) to have such payments paid
8 to the employee directly in cash,

9 “(ii) is treated as having made the
10 election under clause (i)(I) at the level de-
11 termined under paragraph (4)(D) until the
12 individual makes an affirmative election
13 not to have such contributions made (or to
14 have such contributions made at a level
15 specified in the affirmative election), and

16 “(iii) may elect to modify the manner
17 in which such amounts are invested for
18 such plan year.

19 “(B) ADMINISTRATIVE REQUIREMENTS.—

20 “(i) PAYMENTS.—The requirements of
21 this subparagraph are met with respect to
22 any automatic IRA arrangement if the em-
23 ployer makes the payments elected or
24 treated as elected under subparagraph
25 (A)(i) on or before the last day of the

1 month following the month in which the
2 compensation otherwise would have been
3 payable to the employee in cash.

4 “(ii) NOTICE OF ELECTION PERIOD.—
5 The requirements of this paragraph shall
6 be treated as met with respect to any year
7 if the employer notifies each employee eli-
8 gible to participate, within a reasonable pe-
9 riod of time before the beginning of such
10 year (and, for the first year the employee
11 is so eligible, a reasonable period of time
12 before the first day such employee is so eli-
13 gible), of—

14 “(I) the opportunity to elect to
15 have contributions made, or to be
16 treated as so electing, under clause
17 (i)(I), or (ii), of subparagraph (A),

18 “(II) the opportunity to elect not
19 to have payroll deduction contribu-
20 tions made or to have such contribu-
21 tions made at a different percentage
22 or in a different amount, and

23 “(III) the opportunity under sub-
24 paragraph (A)(iii) to modify the man-

1 ner in which such amounts are in-
2 vested for such year.

3 The employer shall provide such notice in
4 paper form or, if the employee so elects, in
5 electronic form.

6 “(C) LIMITS ON CONTRIBUTIONS.—An em-
7 ployer shall not be treated as failing to satisfy
8 the requirements of this section or any other
9 provision of this title merely because—

10 “(i) aggregate payroll deduction con-
11 tributions by or on behalf of an individual
12 to individual retirement accounts of the in-
13 dividual exceed the deductible amount in
14 effect under section 219(b)(5) (determined
15 without regard to subparagraph (B) there-
16 of) for any taxable year in which any pay-
17 roll deduction contributions by the em-
18 ployer under an automatic IRA arrange-
19 ment are made, or

20 “(ii) the employer chooses to limit the
21 payroll deduction contributions under this
22 subsection on behalf of an employee for
23 any calendar year in a manner reasonably
24 designed to avoid exceeding such deduct-
25 ible amount.

1 “(D) DEFAULT TREATMENT AS ROTH
2 IRA.—An employee on whose behalf payroll de-
3 duction contributions are made to an individual
4 retirement account under subparagraph (A)
5 may elect, at such time and in such manner
6 and form as the Secretary may prescribe,
7 whether to treat the individual retirement ac-
8 count as designated as a Roth IRA. If no such
9 election is made, the account shall be treated as
10 so designated.

11 “(E) DEPOSITS TO INDIVIDUAL RETIRE-
12 MENT ACCOUNTS OF A DESIGNATED TRUSTEE
13 OR ISSUER.—

14 “(i) IN GENERAL.—An employer shall
15 not be treated as failing to satisfy the re-
16 quirements of this section, or any other
17 provision of this title, merely because the
18 employer makes all payroll deduction con-
19 tributions on behalf of all employees (or all
20 employees who do not specify an individual
21 retirement account, trustee, or issuer to re-
22 ceive the contributions) to individual retire-
23 ment accounts specified in clause (ii).

24 “(ii) INDIVIDUAL RETIREMENT AC-
25 COUNTS OTHER THAN THOSE SELECTED

1 BY EMPLOYEE.—An employer may elect to
2 have payroll deduction contributions for all
3 employees participating in an automatic
4 IRA arrangement made to individual re-
5 tirement accounts of a trustee or issuer
6 under the arrangement that has been des-
7 ignated by the employer, but only if the
8 provider of such accounts, and the invest-
9 ments therein, are identified on the website
10 established under subparagraph (F)(iii).
11 The preceding sentence shall not apply un-
12 less each participant is notified in writing
13 that the participant’s balance may be
14 transferred without cost or penalty to an-
15 other individual retirement account estab-
16 lished by or on behalf of the participant.
17 Such notice shall be in paper form or, if
18 the employee so elects, electronic form.

19 “(iii) EMPLOYERS MAY PERMIT EM-
20 PLOYEE TO CHOOSE IRA.—If the employer
21 so elects, the arrangement may provide for
22 an employee election to have payroll deduc-
23 tion contributions made to any individual
24 retirement account specified by the em-
25 ployee.

1 “(iv) REGULATIONS.—The Secretary
2 may issue such regulations as are nec-
3 essary to carry out the purposes of this
4 subparagraph, including establishment of
5 procedures to assist employers in con-
6 necting with certified and available pro-
7 viders of individual retirement accounts
8 and to communicate to individuals the im-
9 portance of investment diversification.

10 “(F) MODEL NOTICE, ETC.—The Secretary
11 shall—

12 “(i) provide a model notice, written in
13 a manner calculated to be understandable
14 to the average worker, that is simple for
15 employers to use—

16 “(I) to notify employees of the
17 requirement under this section for the
18 employer to provide certain employees
19 with the opportunity to participate in
20 an automatic IRA arrangement, and

21 “(II) to satisfy the requirements
22 of subparagraph (B)(ii),

23 “(ii) provide model forms for enroll-
24 ment, including automatic enrollment, in
25 an automatic IRA arrangement,

1 “(iii) establish a website or other elec-
2 tronic means that small employers and in-
3 dividuals can access and use to obtain in-
4 formation on automatic IRA arrangements
5 (including clear, standardized, easy-to-com-
6 pare information on fees and expenses and
7 investment returns in a format prescribed
8 by the Secretary) and to obtain notices and
9 forms, and

10 “(iv) establish a process—

11 “(I) for the provider of an auto-
12 matic IRA arrangement to dem-
13 onstrate to the Secretary that the ar-
14 rangement is described in this para-
15 graph and meets the requirements
16 specified in paragraph (1)(B), and

17 “(II) to certify any arrangement
18 that the Secretary determines so dem-
19 onstrates, to regularly monitor compli-
20 ance and update such determinations
21 and certifications, and to list all ar-
22 rangements so certified on the website
23 described in clause (iii) as appropriate
24 for use by employers and participants.

1 The information referred to in clause (iii) shall
2 be provided in a manner designed to assist em-
3 ployers and providers by facilitating the identi-
4 fication by employers of private-sector providers
5 of individual retirement accounts, including the
6 provider’s investment options, that are appro-
7 priate for use in automatic IRA arrangements.

8 “(G) SAFE HARBOR FOR CERTAIN STATE-
9 PROVIDED ARRANGEMENTS.—An arrangement
10 facilitated by an employer shall not fail to be
11 treated as an automatic IRA arrangement
12 merely because such arrangement is provided or
13 otherwise offered, in whole or in part, by a
14 State.

15 “(H) INDIVIDUAL RETIREMENT AC-
16 COUNT.—For purposes of this paragraph, the
17 term ‘individual retirement account’ shall have
18 the meaning given such term by section 408(a),
19 except that such term shall include individual
20 retirement annuities (as defined in section
21 408(b)).”.

22 (2) OTHER RULES APPLICABLE TO AUTOMATIC
23 IRA ARRANGEMENTS.—

24 (A) PENALTY FOR FAILURE TO TIMELY
25 REMIT CONTRIBUTIONS TO AUTOMATIC IRA AR-

1 RANGEMENTS.—Section 4975(c) is amended by
2 adding at the end the following new paragraph:

3 “(7) SPECIAL RULE FOR AUTOMATIC IRA AR-
4 RANGEMENTS.—For purposes of paragraph (1), if
5 an employer is required under an automatic IRA ar-
6 rangement (as defined in section 414(aa)(1)(B)) to
7 deposit amounts withheld from an employee’s com-
8 pensation into an individual retirement account
9 (within the meaning of section 414(aa)(8)(H)) but
10 fails to do so within the time prescribed under sec-
11 tion 414(aa)(8)(B)(i), such amounts shall be treated
12 as assets of the individual retirement account.”.

13 (B) WAIVER OF EARLY WITHDRAWAL PEN-
14 ALTY FOR CERTAIN DISTRIBUTIONS FOLLOWING
15 INITIAL ELECTION TO PARTICIPATE IN AUTO-
16 Matic IRA ARRANGEMENT.—Section 72(t) is
17 amended by adding at the end the following
18 new paragraph:

19 “(11) DISTRIBUTION FOLLOWING INITIAL
20 ELECTION TO PARTICIPATE IN AUTOMATIC IRA AR-
21 RANGEMENT.—Paragraph (1) shall not apply in the
22 case of a distribution—

23 “(A) to an individual from an individual
24 retirement account (within the meaning of sec-
25 tion 414(aa)(8)(H)) that is part of an auto-

1 matic IRA arrangement (as defined in section
2 414(aa)(8)(A)), and

3 “(B) made not later than 90 days after the
4 initial election under section
5 414(aa)(8)(A)(ii).”.

6 (C) AUTOMATIC IRA ADVISORY GROUP.—

7 (i) IN GENERAL.—Not later than 90
8 days after the date of the enactment of
9 this Act, the Secretary of the Treasury
10 shall establish an Automatic IRA Advisory
11 Group (hereinafter in this subparagraph
12 referred to as the “Advisory Group”). The
13 purpose of the Advisory Group shall be to
14 make recommendations, advise, and assist
15 in the Secretary’s implementation and ad-
16 ministration of paragraphs (5), (6), and
17 (8) of section 414(aa) of the Internal Rev-
18 enue Code of 1986 with respect to auto-
19 matic IRA arrangements in the best finan-
20 cial interest of savers, including—

21 (I) the procedures and criteria
22 for the periodic certification, website
23 listing, and monitoring of investment
24 options that meet the requirements of
25 those paragraphs,

1 (II) user-friendly disclosure re-
2 garding investment returns, terms,
3 fees, and expenses to facilitate com-
4 parison,

5 (III) the use of low-cost invest-
6 ment options,

7 (IV) the appropriate use of elec-
8 tronic and paper methods to provide
9 notice and disclosure,

10 (V) any possible learnings or effi-
11 ciencies based on the Secretary's pro-
12 cedures and experience in approving
13 nonbank individual retirement account
14 trustees, and

15 (VI) such other related matters
16 as may be determined by the Sec-
17 retary.

18 (ii) MEMBERSHIP.—The Advisory
19 Group shall consist of not more than 15
20 members and shall be composed of—

21 (I) such individuals as the Sec-
22 retary may consider appropriate to
23 provide expertise regarding the finan-
24 cial needs and challenges of lower-
25 and middle-income households,

1 (II) at least one individual who is
2 an expert in retirement-related con-
3 sumer protections or who represents
4 the general public, and

5 (III) at least one representative
6 of the Department of the Treasury.

7 (iii) COMPENSATION.—The members
8 of the Advisory Group shall serve without
9 compensation.

10 (iv) ADMINISTRATIVE SUPPORT.—The
11 Department of the Treasury shall provide
12 appropriate administrative support to the
13 Advisory Group, including technical assist-
14 ance. The Advisory Group may use the
15 services and facilities of such Department,
16 with or without reimbursement, as deter-
17 mined by such Department.

18 (v) REPORT BY ADVISORY GROUP.—
19 Not later than 1 year after the date of the
20 enactment of this Act, the Advisory Group
21 shall submit to the Secretary of the Treas-
22 ury a report containing its recommenda-
23 tions. The Secretary may request that the
24 Advisory Group submit subsequent reports.

1 (b) EXCISE TAX FOR FAILURE TO MAINTAIN OR FA-
2 CILITATE AUTOMATIC CONTRIBUTION PLANS OR AR-
3 RANGEMENTS.—

4 (1) IN GENERAL.—Chapter 43 is amended by
5 adding at the end the following new section:

6 **“SEC. 4980J. FAILURE TO MAINTAIN OR FACILITATE AUTO-**
7 **MATIC CONTRIBUTION PLANS OR ARRANGE-**
8 **MENTS.**

9 “(a) GENERAL RULE.—

10 “(1) IN GENERAL.—There is hereby imposed a
11 tax on the failure of an employer to maintain or fa-
12 cilitate an automatic contribution plan or arrange-
13 ment.

14 “(2) EXCEPTIONS.—

15 “(A) Paragraph (1) shall not apply to an
16 employer to the extent such employer partici-
17 pates in an arrangement under a qualified
18 State law.

19 “(B) Paragraph (1) shall not apply to an
20 employer with respect to any employee who is
21 eligible to participate in a different automatic
22 contribution plan or arrangement than one or
23 more other employees of the employer.

24 “(b) AMOUNT OF TAX.—

1 “(1) IN GENERAL.—The amount of the tax im-
2 posed by subsection (a) on any failure with respect
3 to an employee shall be \$10 for each day in the non-
4 compliance period with respect to such failure.

5 “(2) NONCOMPLIANCE PERIOD.—For purposes
6 of this section, the term ‘noncompliance period’
7 means, with respect to any failure, the period—

8 “(A) beginning on the date such failure
9 first occurs, and

10 “(B) ending on the earlier of—

11 “(i) the date such failure is corrected,

12 or

13 “(ii) with respect to any employer, the
14 date that is 3 months after the last date
15 on which the employee is required to be eli-
16 gible to participate in an automatic con-
17 tribution plan or arrangement maintained
18 or facilitated by such employer.

19 “(3) ADJUSTMENT FOR INFLATION.—

20 “(A) IN GENERAL.—In the case of any
21 failure relating to maintaining or facilitating a
22 plan or arrangement in a calendar year begin-
23 ning after 2023, the \$10 amount under para-
24 graph (1) shall be increased by an amount
25 equal to such dollar amount multiplied by the

1 cost-of-living adjustment determined under sec-
2 tion 1(f)(3) for the calendar year determined by
3 substituting ‘calendar year 2022’ for ‘calendar
4 year 2016’ in subparagraph (A)(ii) thereof.

5 “(B) ROUNDING.—If any amount adjusted
6 under subparagraph (A) is not a whole dollar
7 amount, such amount shall be rounded to the
8 nearest whole dollar amount.

9 “(c) LIMITATIONS ON AMOUNT OF TAX.—

10 “(1) TAX NOT TO APPLY WHERE FAILURE NOT
11 DISCOVERED EXERCISING REASONABLE DILI-
12 GENCE.—No tax shall be imposed by subsection (a)
13 on any failure during any period for which it is es-
14 tablished to the satisfaction of the Secretary that
15 none of the persons referred to in subsection (e)
16 knew, nor exercising reasonable diligence would have
17 known, that such failure existed.

18 “(2) TAX NOT TO APPLY TO FAILURES COR-
19 RECTED WITHIN 9½ MONTHS.—No tax shall be im-
20 posed by subsection (a) on any failure if—

21 “(A) such failure was due to reasonable
22 cause and not to willful neglect, and

23 “(B) such failure is corrected during the
24 9½-month period beginning on the first date
25 any of the persons referred to in subsection (e)

1 knew that such failure existed, or exercising
2 reasonable diligence would have known.

3 “(3) OVERALL LIMITATION FOR UNINTEN-
4 TIONAL FAILURES.—In the case of failures which
5 are due to reasonable cause and not to willful ne-
6 glect—

7 “(A) GENERAL RULE.—The tax imposed
8 by subsection (a) for failures during the taxable
9 year of the employer shall not exceed \$500,000.

10 “(B) TAXABLE YEARS IN THE CASE OF
11 CERTAIN CONTROLLED GROUPS.—For purposes
12 of this subparagraph, if not all persons who are
13 treated as a single employer for purposes of this
14 section have the same taxable year, the taxable
15 years taken into account shall be determined
16 under principles similar to the principles of sec-
17 tion 1561.

18 “(4) WAIVER BY SECRETARY.—In the case of a
19 failure which is due to reasonable cause and not to
20 willful neglect, the Secretary may waive part or all
21 of the tax imposed by subsection (a) to the extent
22 that the payment of such tax would be excessive rel-
23 ative to the failure involved.

24 “(d) TAX NOT TO APPLY IN CERTAIN CASES.—This
25 section shall not apply in the case of—

1 “(1) any employer with respect to a plan or ar-
2 rangement that, during the prior calendar year, was
3 maintained or facilitated only by employers each of
4 which had no more than 5 employees receiving at
5 least \$5,000 of compensation from the employer for
6 such year,

7 “(2) any employer with respect to a govern-
8 mental plan (within the meaning of section 414(d)),

9 “(3) any employer with respect to a church plan
10 (within the meaning of section 414(e)), or

11 “(4) any employer that has been in existence
12 for fewer than 2 years, taking into account all pred-
13 ecessor employers.

14 “(e) LIABILITY FOR TAX.—The employer shall be lia-
15 ble for the tax imposed by subsection (a) on a failure. All
16 employers, determined without regard to subsection (f)(2),
17 shall be jointly and severally liable for the liability of any
18 other employer with which they are aggregated under sub-
19 section (f)(2).

20 “(f) DEFINITIONS.—For purposes of this section—

21 “(1) AUTOMATIC CONTRIBUTION PLAN OR AR-
22 RANGEMENT.—The term ‘automatic contribution
23 plan or arrangement’ has the meaning given such
24 term under section 414(aa), and

1 “(2) EMPLOYER.—The term ‘employer’ includes
2 all employers treated as a single employer under
3 subsection (b), (c), (m), or (o) of section 414.

4 “(3) QUALIFIED STATE LAW.—The term ‘quali-
5 fied State law’ means a State law (as it may be
6 amended from time to time) that—

7 “(A) was enacted before the date of the
8 enactment of the Act to provide for reconcili-
9 ation pursuant to title II of S. Con. Res. 14,
10 and

11 “(B)(i) requires certain employers to facili-
12 tate an automatic IRA arrangement pursuant
13 to a payroll deduction savings program of the
14 State, or

15 “(ii) allows certain employers to contribute
16 to, or participate in, a plan described in section
17 413(c) of such Code established and maintained
18 by the State.”.

19 “(2) CLERICAL AMENDMENT.—The table of sec-
20 tions for chapter 43 is amended by adding at the
21 end the following new item:

 “Sec. 4980J. Failure to maintain or facilitate automatic contribution plans or
 arrangements.”.

22 “(c) EFFECTIVE DATE.—The amendments made by
23 this section shall apply to plan years beginning after De-
24 cember 31, 2022.

1 **SEC. 131102. DEFERRAL-ONLY ARRANGEMENTS.**

2 (a) IN GENERAL.—Section 401(k) is amended by
3 adding at the end the following new paragraph:

4 “(16) DEFERRAL-ONLY ARRANGEMENT.—

5 “(A) IN GENERAL.—A deferral-only ar-
6 rangement shall be treated as meeting the re-
7 quirements of paragraph (3)(A)(ii).

8 “(B) DEFERRAL-ONLY ARRANGEMENT.—

9 For purposes of this paragraph, the term ‘de-
10 ferral-only arrangement’ means any cash or de-
11 ferred arrangement which meets—

12 “(i) the automatic deferral require-
13 ments of subparagraph (C),

14 “(ii) the elective contribution require-
15 ment of subparagraph (D), and

16 “(iii) the requirements of subpara-
17 graph (E) of paragraph (13).

18 “(C) AUTOMATIC DEFERRAL.—

19 “(i) IN GENERAL.—The requirements
20 of this subparagraph shall be treated as
21 met if, under the arrangement, each em-
22 ployee eligible to participate in the ar-
23 rangement is treated as having elected to
24 have the employer make elective contribu-
25 tions in an amount equal to the qualified
26 percentage of compensation.

1 “(ii) ELECTION OUT.—The election
2 treated as having been made under clause
3 (i) shall cease to apply with respect to any
4 employee if such employee makes an af-
5 firmative election—

6 “(I) to not have such contribu-
7 tions made, or

8 “(II) to make elective contribu-
9 tions at a level specified in such af-
10 firmative election.

11 “(iii) QUALIFIED PERCENTAGE.—For
12 purposes of this subparagraph, with re-
13 spect to any employee, the term ‘qualified
14 percentage’ means, in lieu of the meaning
15 given such term in paragraph (13)(C)(iii),
16 any percentage determined under the ar-
17 rangement if such percentage is applied
18 uniformly, does not exceed 15 percent (10
19 percent during the period described in sub-
20 clause (I)) and is at least—

21 “(I) 6 percent during the period
22 ending on the last day of the first
23 plan year which begins after the date
24 on which the first elective contribution

1 described in clause (i) is made with
2 respect to such employee,

3 “(II) 7 percent during the first
4 plan year following the plan year de-
5 scribed in subclause (I),

6 “(III) 8 percent during the first
7 plan year following the plan year de-
8 scribed in subclause (II),

9 “(IV) 9 percent during the first
10 plan year following the plan year de-
11 scribed in subclause (III), and

12 “(V) 10 percent during any sub-
13 sequent plan year.

14 “(D) ELECTIVE CONTRIBUTIONS.—

15 “(i) IN GENERAL.—The requirements
16 of this subparagraph are met if under the
17 plan containing the arrangement—

18 “(I) the only contributions which
19 may be made are elective contribu-
20 tions of employees who are eligible to
21 participate in the arrangement, and

22 “(II) the aggregate amount of
23 such elective contributions which may
24 be made with respect to any employee
25 for any calendar year shall not exceed

1 the amount in effect for the taxable
2 year under section 219(b)(5) (deter-
3 mined without regard to subpara-
4 graph (B) thereof).

5 “(ii) CROSS REFERENCE.—For catch-
6 up contributions for individuals age 50 or
7 over, see section 414(v).”

8 (b) CATCH-UP CONTRIBUTIONS FOR INDIVIDUALS
9 AGE 50 AND OVER.—

10 (1) Section 414(v)(2)(B)(i) is amended by in-
11 serting “, 401(k)(16),” after “401(k)(11)”.

12 (2) Section 414(v)(2)(B) is amended by adding
13 at the end thereof the following clause:

14 “(iii) In the case of an applicable em-
15 ployer plan described in section
16 401(k)(16), the applicable dollar amount is
17 \$1,000.”

18 (3) Section 414(v)(2)(C) is amended—

19 (A) by striking “(B)(i) and” and inserting
20 “(B)(i),” and by inserting after “subparagraph
21 (B)(ii)” the following: “, and the \$1,000
22 amount described in subparagraph (B)(iii)”

23 (B) inserting after “2005” the following:
24 “(the calendar quarter beginning July 1, 2020,

1 in the case of the \$1,000 amount described in
2 subparagraph (B)(iii)”, and

3 (C) by inserting before the period at the
4 end the following “(\$100 in the case of an in-
5 crease in the amount described in subparagraph
6 (B)(iii) which is not a multiple of \$100)”.

7 (c) PLANS NOT TREATED AS TOP-HEAVY PLANS.—
8 Section 416(g)(4)(H)(i) is amended by striking “or
9 401(k)(13)” and inserting “401(k)(13), or 401(k)(16)”.

10 (d) EFFECTIVE DATE.—The amendments made by
11 this section shall apply to plan years beginning after De-
12 cember 31, 2022.

13 **SEC. 131103. INCREASE IN CREDIT LIMITATION FOR SMALL**
14 **EMPLOYER PENSION PLAN STARTUP COSTS**
15 **INCLUDING FOR AUTOMATIC CONTRIBUTION**
16 **PLAN OR ARRANGEMENT.**

17 (a) YEARS FOR WHICH CREDIT IS ALLOWED.—Sec-
18 tion 45E(b)(1) is amended by striking “2 taxable years”
19 and inserting “4 taxable years”.

20 (b) SPECIAL RULE FOR EMPLOYERS WITH 25 OR
21 FEWER EMPLOYEES.—Section 45E(a) is amended by in-
22 serting before the period at the end the following: “(100
23 percent of such costs in the case of an eligible employer
24 with 25 or fewer employees, as determined by substituting
25 ‘25’ for ‘100’ in section 408(p)(2)(C)(i))”.

1 (c) CREDIT NOT TO APPLY TO CERTAIN PLANS OR
2 ARRANGEMENTS.—

3 (1) NO CREDIT WITH RESPECT TO DEFERRAL-
4 ONLY ARRANGEMENTS.—Section 45E(d)(2) is
5 amended by inserting “(other than a deferral-only
6 arrangement (as defined in section 401(k)(16)(B))”
7 before the period at the end.

8 (2) TERMINATION WITH RESPECT TO PLANS
9 OTHER THAN AUTOMATIC CONTRIBUTION PLANS OR
10 ARRANGEMENTS.—Section 45E is amended by add-
11 ing at the end the following new subsection:

12 “(f) CREDIT TERMINATED FOR NON-AUTOMATIC
13 CONTRIBUTION PLANS OR ARRANGEMENTS AFTER
14 2022.—In the case of taxable years beginning after De-
15 cember 31, 2022, no credit shall be allowed under this sec-
16 tion for amounts paid or incurred with respect to an eligi-
17 ble employer plan that is not an automatic contribution
18 plan or arrangement (as defined in section 414(aa)).”.

19 (d) EFFECTIVE DATE.—The amendment made by
20 this section shall apply to taxable years beginning after
21 December 31, 2021.

1 **SEC. 131104. CREDIT FOR CERTAIN SMALL EMPLOYER**
2 **AUTOMATIC RETIREMENT ARRANGEMENTS.**

3 (a) IN GENERAL.—Subpart D of part IV of sub-
4 chapter A of chapter 1 is amended by adding at the end
5 the following new section:

6 **“SEC. 45U. CREDIT FOR CERTAIN SMALL EMPLOYER AUTO-**
7 **MATIC RETIREMENT ARRANGEMENTS.**

8 “(a) GENERAL RULE.—For purposes of section 38,
9 in the case of an eligible employer, the small employer
10 automatic retirement arrangement credit determined
11 under this section for any taxable year in the credit period
12 is \$500.

13 “(b) DEFINITIONS.—For purposes of this section—

14 “(1) ELIGIBLE EMPLOYER.—The term ‘eligible
15 employer’ means, with respect to the calendar year
16 in which the taxable year begins, an employer
17 which—

18 “(A)(i) participates in an automatic IRA
19 arrangement (as defined in section 414(aa)(8)),
20 or an arrangement described in
21 4980J(a)(2)(A), or

22 “(ii) maintains a deferral-only arrange-
23 ment (as defined in section 401(k)(16)),

24 “(B) is described in 408(p)(2)(C)(i), and

25 “(C) did not maintain an eligible employer
26 plan during the portion of the calendar year

1 preceding the commencement of such arrange-
2 ment, or adoption of such deferral-only arrange-
3 ment, and the 2 preceding calendar years.

4 “(2) CREDIT PERIOD.—The term ‘credit period’
5 means the first 4 calendar years beginning after the
6 date of the enactment of this section in which the
7 eligible employer participates in the arrangement or
8 maintains the deferral-only arrangement.

9 “(3) ELIGIBLE EMPLOYER PLAN.—The term
10 ‘eligible employer plan’ means a qualified employer
11 plan within the meaning of section 4972(d).

12 “(c) OTHER RULES.—For purposes of this section,
13 the rules of section 45E(e) shall apply.”.

14 (b) CREDIT ALLOWED AS PART OF GENERAL BUSI-
15 NESS CREDIT.—Section 38(b) of is amended by striking
16 “plus” at the end of paragraph (32), by striking the period
17 at the end of paragraph (33) and inserting “, plus”, and
18 by adding at the end the following new paragraph:

19 “(34) the small employer automatic retirement
20 arrangement credit determined under section
21 45U(a).”.

22 (c) CLERICAL AMENDMENT.—The table of sections
23 for subpart D of part IV of subchapter A of chapter 1
24 is amended by adding at the end the following new item:

“Sec. 45U. Credit for certain small employer automatic retirement arrange-
ments.”.

1 (d) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to taxable years beginning after
3 December 31, 2021.

4 **PART 2—SAVER’S MATCH**

5 **SEC. 131201. MATCHING PAYMENTS FOR ELECTIVE DEFER-**
6 **RAL AND IRA CONTRIBUTIONS BY CERTAIN**
7 **INDIVIDUALS.**

8 (a) IN GENERAL.—Subchapter B of chapter 65 is
9 amended by adding at the end the following new section:
10 **“SEC. 6433. MATCHING PAYMENTS FOR ELECTIVE DEFER-**
11 **RAL AND IRA CONTRIBUTIONS BY CERTAIN**
12 **INDIVIDUALS.**

13 “(a) IN GENERAL.—

14 “(1) ALLOWANCE OF CREDIT.—Any eligible in-
15 dividual who makes qualified retirement savings con-
16 tributions for the taxable year shall be allowed a
17 credit for such taxable year in an amount equal to
18 the applicable percentage of so much of the qualified
19 retirement savings contributions made by such eligi-
20 ble individual for the taxable year as does not exceed
21 \$1,000.

22 “(2) PAYMENT OF CREDIT.—The credit under
23 this section shall be—

24 “(A) treated as allowed by subpart C of
25 part IV of subchapter A of chapter 1, and

1 “(B) paid by the Secretary as a contribu-
2 tion (as soon as practicable after the eligible in-
3 dividual has filed a tax return making a claim
4 for such credit for the taxable year) to the ap-
5 plicable retirement savings vehicle of an eligible
6 individual.

7 “(b) APPLICABLE PERCENTAGE.—For purposes of
8 this section—

9 “(1) IN GENERAL.—Except as provided in para-
10 graph (2), the applicable percentage is 50 percent.

11 “(2) PHASEOUT.—The percentage under para-
12 graph (1) shall be reduced (but not below zero) by
13 the number of percentage points which bears the
14 same ratio to 50 percentage points as—

15 “(A) the excess of—

16 “(i) the taxpayer’s modified adjusted
17 gross income for such taxable year, over

18 “(ii) the applicable dollar amount,
19 bears to

20 “(B) the phaseout range.

21 If any reduction determined under this paragraph is
22 not a whole percentage point, such reduction shall be
23 rounded to the next lowest whole percentage point.

24 “(3) APPLICABLE DOLLAR AMOUNT; PHASEOUT
25 RANGE.—

1 “(A) JOINT RETURNS.—Except as pro-
2 vided in subparagraph (B)—

3 “(i) the applicable dollar amount is
4 \$50,000, and

5 “(ii) the phaseout range is \$20,000.

6 “(B) OTHER RETURNS.—In the case of—

7 “(i) a head of a household (as defined
8 in section 2(b)), the applicable dollar
9 amount and the phaseout range shall be $\frac{3}{4}$
10 of the amounts applicable under subpara-
11 graph (A) (as adjusted under subsection
12 (h)), and

13 “(ii) any taxpayer who is not filing a
14 joint return and who is not a head of a
15 household (as so defined), the applicable
16 dollar amount and the phaseout range
17 shall be $\frac{1}{2}$ of the amounts applicable
18 under subparagraph (A) (as so adjusted).

19 “(4) EXCEPTION; MINIMUM CREDIT.—In the
20 case of an eligible individual with respect to whom
21 (without regard to this paragraph) the credit deter-
22 mined under subsection (a)(1) is greater than zero
23 but less than \$100, the credit allowed under this
24 section shall be \$100.

1 “(c) ELIGIBLE INDIVIDUAL.—For purposes of this
2 section—

3 “(1) IN GENERAL.—The term ‘eligible indi-
4 vidual’ means any individual if such individual has
5 attained the age of 18 as of the close of the taxable
6 year.

7 “(2) DEPENDENTS AND FULL-TIME STUDENTS
8 NOT ELIGIBLE.—The term ‘eligible individual’ shall
9 not include—

10 “(A) any individual with respect to whom
11 a deduction under section 151 is allowed to an-
12 other taxpayer for a taxable year beginning in
13 the calendar year in which such individual’s
14 taxable year begins, and

15 “(B) any individual who is a student (as
16 defined in section 152(f)(2)).

17 “(d) QUALIFIED RETIREMENT SAVINGS CONTRIBU-
18 TIONS.—For purposes of this section—

19 “(1) IN GENERAL.—The term ‘qualified retire-
20 ment savings contributions’ means, with respect to
21 any taxable year, the sum of—

22 “(A) the amount of the qualified retire-
23 ment contributions (as defined in section
24 219(e)) made by the eligible individual,

25 “(B) the amount of—

1 “(i) any elective deferrals (as defined
2 in section 402(g)(3)) of such individual,
3 and

4 “(ii) any elective deferral of com-
5 pensation by such individual under an eli-
6 gible deferred compensation plan (as de-
7 fined in section 457(b)) of an eligible em-
8 ployer described in section 457(e)(1)(A),

9 “(C) the amount of voluntary employee
10 contributions by such individual to any qualified
11 retirement plan (as defined in section 4974(c)),
12 and

13 “(D) the amount of contributions made by
14 such individual to the ABLE account (within
15 the meaning of section 529A) of which such in-
16 dividual is the designated beneficiary.

17 Such term shall not include any amount attributable
18 to a payment under subsection (a)(2).

19 “(2) REDUCTION FOR CERTAIN DISTRIBUTIONS.—
20 TIONS.—

21 “(A) IN GENERAL.—The qualified retire-
22 ment savings contributions determined under
23 paragraph (1) for a taxable year shall be re-
24 duced (but not below zero) by the aggregate
25 distributions received by the individual during

1 the testing period from any entity of a type to
2 which contributions under paragraph (1) may
3 be made.

4 “(B) TESTING PERIOD.—For purposes of
5 subparagraph (A), the testing period, with re-
6 spect to a taxable year, is the period which in-
7 cludes—

8 “(i) such taxable year,

9 “(ii) the 2 preceding taxable years,

10 and

11 “(iii) the period after such taxable
12 year and before the due date (including ex-
13 tensions) for filing the return of tax for
14 such taxable year.

15 “(C) EXCEPTED DISTRIBUTIONS.—There
16 shall not be taken into account under subpara-
17 graph (A)—

18 “(i) any distribution referred to in
19 section 72(p), 401(k)(8), 401(m)(6),
20 402(g)(2), 404(k), or 408(d)(4),

21 “(ii) any distribution to which section
22 408(d)(3) or 408A(d)(3) applies,

23 “(iii) any portion of a distribution if
24 such portion is transferred or paid in a
25 rollover contribution (as defined in section

1 402(c), 403(a)(4), 403(b)(8), 408A(e), or
2 457(e)(16)) to an account or plan to which
3 qualified retirement contributions can be
4 made, and

5 “(iv) the amount of distributions
6 under a qualified ABLE program (within
7 the meaning of section 529A) that is equal
8 to amounts not included in gross income
9 with respect to such distributions under
10 section 529A(e)(1)(B) (relating to distribu-
11 tions for qualified disability expenses).

12 “(D) TREATMENT OF DISTRIBUTIONS RE-
13 CEIVED BY SPOUSE OF INDIVIDUAL.—For pur-
14 poses of determining distributions received by
15 an individual under subparagraph (A) for any
16 taxable year, any distribution received by the
17 spouse of such individual shall be treated as re-
18 ceived by such individual if such individual and
19 spouse file a joint return for such taxable year
20 and for the taxable year during which the
21 spouse receives the distribution.

22 “(e) APPLICABLE RETIREMENT SAVINGS VEHI-
23 CLE.—

24 “(1) IN GENERAL.—The term ‘applicable retire-
25 ment savings vehicle’ means an account or plan

1 elected by the eligible individual under paragraph
2 (2).

3 “(2) ELECTION.—Any such election to have
4 contributed the amount determined under subsection
5 (a) shall be to an account or plan which—

6 “(A) is a Roth IRA or a designated Roth
7 account (within the meaning of section 402A)
8 of an applicable retirement plan (as defined in
9 section 402A(e)(1)),

10 “(B) is for the benefit of the eligible indi-
11 vidual,

12 “(C) accepts contributions made under this
13 section, and

14 “(D) is designated by such individual (in
15 such form and manner as the Secretary may
16 provide).

17 “(f) OTHER DEFINITIONS AND SPECIAL RULES.—

18 “(1) MODIFIED ADJUSTED GROSS INCOME.—
19 For purposes of this section, the term ‘modified ad-
20 justed gross income’ means adjusted gross income—

21 “(A) determined without regard to sections
22 911, 931, and 933, and

23 “(B) determined without regard to any ex-
24 clusion or deduction allowed for any qualified

1 retirement savings contribution made during
2 the taxable year.

3 “(2) TREATMENT OF CONTRIBUTIONS.—In the
4 case of any contribution under subsection (a)(2)—

5 “(A) except as otherwise provided in this
6 section or by the Secretary under regulations,
7 such contribution shall be treated as—

8 “(i) an elective deferral made by the
9 individual which is a designated Roth con-
10 tribution, if contributed to an applicable
11 retirement plan, or

12 “(ii) as a Roth IRA contribution made
13 by such individual, if contributed to a Roth
14 IRA, and

15 “(B) such contribution shall not be taken
16 into account with respect to any applicable limi-
17 tation under sections 402(g)(1), 403(b),
18 408(a)(1), 408(b)(2)(B), 408A(c)(2), 414(v)(2),
19 415(c), or 457(b)(2), and shall be disregarded
20 for purposes of sections 401(a)(4), 401(k)(3),
21 401(k)(11)(B)(i)(III), and 416.

22 “(3) TREATMENT OF QUALIFIED PLANS, ETC.—
23 A plan or arrangement to which a contribution is
24 made under this section shall not be treated as vio-
25 lating any requirement under section 401, 403,

1 408A, or 457 solely by reason of accepting such con-
2 tribution.

3 “(4) ERRONEOUS CREDITS.—

4 “(A) IN GENERAL.—If any contribution is
5 erroneously paid under subsection (a)(2), in-
6 cluding a payment that is not made to an appli-
7 cable retirement savings vehicle, the amount of
8 such erroneous payment shall be treated as an
9 underpayment of tax (other than for purposes
10 of part II of subchapter A of chapter 68) for
11 the taxable year in which the Secretary deter-
12 mines the payment is erroneous.

13 “(B) DISTRIBUTION OF ERRONEOUS CRED-
14 ITS.—In the case of a contribution to which
15 subparagraph (A) applies—

16 “(i) section 72 shall not apply to the
17 distribution of such contribution (and any
18 income attributable thereto) if such dis-
19 tribution is received not later than the day
20 prescribed by law (including extensions of
21 time) for filing the individual’s return for
22 such taxable year, and

23 “(ii) any plan or arrangement from
24 which such a distribution is made under
25 this subparagraph shall not be treated as

1 violating any requirement under section
2 401, 403, 408A, or 457 solely by reason of
3 making such distribution.

4 “(g) PROVISION BY SECRETARY OF INFORMATION
5 RELATING TO CONTRIBUTIONS.—In the case of an
6 amount elected by an eligible individual to be contributed
7 to an account or plan under subsection (e)(2), the Sec-
8 retary shall provide guidance to the custodian of the ac-
9 count or the plan sponsor, as the case may be, detailing
10 the treatment of such contribution under subsection (f)(2)
11 and the reporting requirements with respect to such con-
12 tribution under section 131201(c)(2) of the Act to provide
13 for reconciliation pursuant to title II of S. Con. Res. 14.

14 “(h) INFLATION ADJUSTMENTS.—

15 “(1) IN GENERAL.—In the case of any taxable
16 year beginning in a calendar year after 2020, each
17 of the dollar amounts in subsections (a)(1) and
18 (b)(3)(A)(i) shall be increased by an amount equal
19 to—

20 “(A) such dollar amount, multiplied by

21 “(B) the cost-of-living adjustment deter-
22 mined under section 1(f)(3) for the calendar
23 year in which the taxable year begins, deter-
24 mined by substituting ‘calendar year 2019’ for

1 ‘calendar year 2016’ in subparagraph (A)(ii)
2 thereof.

3 “(2) ROUNDING.—Any increase determined
4 under paragraph (1) shall be rounded to the nearest
5 multiple of—

6 “(A) \$100 in the case of an adjustment of
7 the amount in subsection (a)(1), and

8 “(B) \$1,000 in the case of an adjustment
9 of the amount in subsection (b)(3)(A)(i).”.

10 (b) TREATMENT OF CERTAIN POSSESSIONS.—

11 (1) PAYMENTS TO POSSESSIONS WITH MIRROR
12 CODE TAX SYSTEMS.—The Secretary of the Treas-
13 ury shall pay to each possession of the United States
14 which has a mirror code tax system amounts equal
15 to the loss (if any) to that possession by reason of
16 the amendments made by this section. Such
17 amounts shall be determined by the Secretary of the
18 Treasury based on information provided by the gov-
19 ernment of the respective possession.

20 (2) PAYMENTS TO OTHER POSSESSIONS.—The
21 Secretary of the Treasury shall pay to each posses-
22 sion of the United States which does not have a mir-
23 ror code tax system amounts estimated by the Sec-
24 retary of the Treasury as being equal to the aggre-
25 gate benefits (if any) that would have been provided

1 to residents of such possession by reason of the
2 amendments made by this section if a mirror code
3 tax system had been in effect in such possession.
4 The preceding sentence shall not apply unless the re-
5 spective possession has a plan, which has been ap-
6 proved by the Secretary of the Treasury, under
7 which such possession will promptly distribute such
8 payments to its residents.

9 (3) COORDINATION WITH CREDIT ALLOWED
10 AGAINST UNITED STATES INCOME TAXES.—No cred-
11 it shall be allowed against United States income
12 taxes under section 6433 of the Internal Revenue
13 Code of 1986 (as added by this section) to any per-
14 son—

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

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

20 (4) MIRROR CODE TAX SYSTEM.—For purposes
21 of this subsection, the term “mirror code tax sys-
22 tem” means, with respect to any possession of the
23 United States, the income tax system of such posses-
24 sion if the income tax liability of the residents of
25 such possession under such system is determined by

1 reference to the income tax laws of the United
2 States as if such possession were the United States.

3 (5) TREATMENT OF PAYMENTS.—For purposes
4 of section 1324 of title 31, United States Code, the
5 payments under this subsection shall be treated in
6 the same manner as a refund due from a credit pro-
7 vision referred to in subsection (b)(2) of such sec-
8 tion.

9 (c) ADMINISTRATIVE PROVISIONS.—

10 (1) DEFICIENCIES.—Section 6211(b)(4) is
11 amended by striking “and 7527A” and inserting
12 “7527A, and 6433”.

13 (2) REPORTING.—The Secretary of the Treas-
14 ury shall—

15 (A) amend Form 5500 to require separate
16 reporting of the aggregate amount of contribu-
17 tions received by the plan during the year under
18 section 6433 of the Internal Revenue Code of
19 1986 (as added by this section), and

20 (B) amend Form 5498 to require similar
21 reporting with respect to individual retirement
22 accounts (as defined in section 408 of such
23 Code) and individual retirement annuities (as
24 defined in section 408(b) of such Code).

1 (d) PAYMENT AUTHORITY.—Section 1324(b)(2) of
2 title 31, United States Code, is amended by striking “or
3 7527A” and inserting “7527A, or 6433”.

4 (e) CONFORMING AMENDMENTS.—

5 (1) Section 25B is amended by striking sub-
6 sections (a) through (f) and inserting the following:
7 “For payment of credit related to qualified retirement sav-
8 ings contributions, see section 6433.”.

9 (2) The table of sections for subchapter B of
10 chapter 65 is amended by adding at the end the fol-
11 lowing new item:

“Sec. 6433. Matching payments for elective deferral and IRA contributions by
certain individuals.”.

12 (f) EFFECTIVE DATE.—The amendments made by
13 this section shall apply to taxable years beginning after
14 December 31, 2024.

15 **SEC. 131202. DEADLINE TO FUND IRA WITH TAX REFUND.**

16 (a) IN GENERAL.—Section 219(f)(3) is amended—

17 (1) by striking “is made not later than” and in-
18 serting “is made—

19 “(i) not later than”,

20 (2) by striking the period at the end and insert-
21 ing “, or”, and

22 (3) by adding at the end the following new
23 clause:

1 “(ii) by direct deposit by the Sec-
2 retary pursuant to an election on the re-
3 turn for such taxable year to contribute all
4 or a portion of any amount owed to the
5 taxpayer to an individual retirement ac-
6 count of the taxpayer, but only if the re-
7 turn is filed not later than the date de-
8 scribed in clause (i).”.

9 (b) EFFECTIVE DATE.—The amendments made by
10 this section shall apply to taxable years beginning after
11 December 31, 2022.

