

113TH CONGRESS
2D SESSION

H. R. 5637

To amend the Internal Revenue Code of 1986 to provide an exclusion from gross income for discharge of consumer indebtedness.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 18, 2014

Mr. PETERS of California (for himself and Mr. VARGAS) 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 provide an exclusion from gross income for discharge of consumer indebtedness.

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 “Consumer Debt For-
5 giveness Tax Relief Act of 2014”.

6 **SEC. 2. EXCLUSION FROM GROSS INCOME FOR DISCHARGE**
7 **OF CONSUMER INDEBTEDNESS.**

8 (a) IN GENERAL.—Paragraph (1) of section 108(a)
9 of the Internal Revenue Code of 1986 is amended by strik-
10 ing “or” at the end of subparagraph (D), by striking the

1 period at the end of subparagraph (E) and inserting “,
2 or”, and by adding at the end the following:

3 “(F) the indebtedness discharged is quali-
4 fied consumer indebtedness.”.

5 (b) SPECIAL RULES RELATING TO QUALIFIED CON-
6 SUMER INDEBTEDNESS.—Section 108 of the Internal
7 Revenue Code of 1986 is amended by adding at the end
8 the following:

9 “(j) SPECIAL RULES RELATING TO QUALIFIED CON-
10 SUMER INDEBTEDNESS.—

11 “(1) QUALIFIED CONSUMER INDEBTEDNESS
12 DEFINED.—For purposes of this section, the term
13 ‘qualified consumer indebtedness’ means any indebt-
14 edness of a natural person arising out of a trans-
15 action in which the money, property, or services
16 which are the subject of the transaction are pri-
17 marily for personal, family, or household purposes.

18 “(2) OVERALL LIMITATION.—The aggregate
19 amount of discharged indebtedness treated as quali-
20 fied consumer indebtedness for the taxable year shall
21 not exceed the excess (if any) of—

22 “(A) \$2,500, over

23 “(B) the aggregate amounts treated as
24 qualified consumer indebtedness with respect to
25 such taxpayer for all prior taxable years.”.

1 (c) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to indebtedness discharged after
3 the date of the enactment of this Act.

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