A BILL

To provide tax relief for persons affected by certain 2020 disasters.

Be it enacted by the Senate and House of Representa-
tives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “2020 Disasters Tax
Relief Act”.

SEC. 2. DEFINITIONS.

For purposes of this Act—

(1) QUALIFIED DISASTER AREA.—The term
“qualified disaster area” means any area with re-
spect to which a major disaster was declared, during
the period beginning on January 1, 2020, and ending on the date which is 60 days after the date of the enactment of this Act, by the President under section 401 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act if the incident period of the disaster with respect to which such declaration is made begins after the date of the enactment of the Taxpayer Certainty and Disaster Tax Relief Act of 2019 and on or before the date of the enactment of this Act.

(2) QUALIFIED DISASTER ZONE.—The term “qualified disaster zone” means that portion of any qualified disaster area which was determined by the President, during the period beginning on January 1, 2020, and ending on the date which is 60 days after the date of the enactment of this Act, to warrant individual or individual and public assistance from the Federal Government under the Robert T. Stafford Disaster Relief and Emergency Assistance Act by reason of the qualified disaster with respect to such disaster area.

(3) QUALIFIED DISASTER.—

(A) IN GENERAL.—The term “qualified disaster” means, with respect to any qualified disaster area, the disaster by reason of which a
major disaster was declared with respect to such area.

(B) EXCEPTION.—Such term shall not include any major disaster declared as a result of the Coronavirus Disease 2019 (COVID-19) pandemic.

(4) INCIDENT PERIOD.—The term “incident period” means, with respect to any qualified disaster, the period specified by the Federal Emergency Management Agency as the period during which such disaster occurred (except that for purposes of this Act such period shall not be treated as beginning before January 1, 2020, or ending after the date which is 30 days after the date of the enactment of this Act).

SEC. 3. SPECIAL DISASTER-RELATED RULES FOR USE OF RETIREMENT FUNDS.

(a) TAX-FAVORED WITHDRAWALS FROM RETIREMENT PLANS.—

(1) IN GENERAL.—Section 72(t) of the Internal Revenue Code of 1986 shall not apply to any qualified disaster distribution.

(2) AGGREGATE DOLLAR LIMITATION.—

(A) IN GENERAL.—For purposes of this subsection, the aggregate amount of distribu-
tions received by an individual which may be
treated as qualified disaster distributions for
any taxable year shall not exceed the excess (if
any) of—

(i) $100,000, over

(ii) the aggregate amounts treated as
qualified disaster distributions received by
such individual for all prior taxable years.

(B) TREATMENT OF PLAN DISTRIBUTIONS.—If a distribution to an individual would
(without regard to subparagraph (A)) be a
qualified disaster distribution, a plan shall not
be treated as violating any requirement of the
Internal Revenue Code of 1986 merely because
the plan treats such distribution as a qualified
disaster distribution, unless the aggregate
amount of such distributions from all plans
maintained by the employer (and any member
of any controlled group which includes the em-
ployer) to such individual exceeds $100,000.

(C) CONTROLLED GROUP.—For purposes
of subparagraph (B), the term “controlled
group” means any group treated as a single
employer under subsection (b), (c), (m), or (o)

(D) Special rule for individuals affected by more than one disaster.—The limitation of subparagraph (A) shall be applied separately with respect to distributions made with respect to each qualified disaster.

(3) Amount distributed may be repaid.—

(A) In general.—Any individual who receives a qualified disaster distribution may, at any time during the 3-year period beginning on the day after the date on which such distribution was received, make 1 or more contributions in an aggregate amount not to exceed the amount of such distribution to an eligible retirement plan of which such individual is a beneficiary and to which a rollover contribution of such distribution could be made under section 402(c), 403(a)(4), 403(b)(8), 408(d)(3), or 457(e)(16), of the Internal Revenue Code of 1986, as the case may be.

(B) Treatment of repayments of distributions from eligible retirement plans other than IRAs.—For purposes of the Internal Revenue Code of 1986, if a con-
tribution is made pursuant to subparagraph (A) with respect to a qualified disaster distribution from an eligible retirement plan other than an individual retirement plan, then the taxpayer shall, to the extent of the amount of the contribution, be treated as having received the qualified disaster distribution in an eligible rollover distribution (as defined in section 402(c)(4) of such Code) and as having transferred the amount to the eligible retirement plan in a direct trustee to trustee transfer within 60 days of the distribution.

(C) Treatment of repayments of distributions from IRAS.—For purposes of the Internal Revenue Code of 1986, if a contribution is made pursuant to subparagraph (A) with respect to a qualified disaster distribution from an individual retirement plan (as defined by section 7701(a)(37) of such Code), then, to the extent of the amount of the contribution, the qualified disaster distribution shall be treated as a distribution described in section 408(d)(3) of such Code and as having been transferred to the eligible retirement plan in a
direct trustee to trustee transfer within 60 days
of the distribution.

(4) DEFINITIONS.—For purposes of this sub-
section—

(A) QUALIFIED DISASTER DISTRIBUTION.—Except as provided in paragraph (2),
the term “qualified disaster distribution” means
any distribution from an eligible retirement
plan made—

(i) on or after the first day of the in-
cident period of a qualified disaster and
before the date which is 180 days after the
date of the enactment of this Act, and

(ii) to an individual whose principal
place of abode at any time during the inci-
dent period of such qualified disaster is lo-
cated in the qualified disaster area with re-
respect to such qualified disaster and who
has sustained an economic loss by reason
of such qualified disaster.

(B) ELIGIBLE RETIREMENT PLAN.—The
term “eligible retirement plan” shall have the
meaning given such term by section
402(c)(8)(B) of the Internal Revenue Code of
1986.
(5) Income inclusion spread over 3-year period.—

(A) In general.—In the case of any qualified disaster distribution, unless the taxpayer elects not to have this paragraph apply for any taxable year, any amount required to be included in gross income for such taxable year shall be so included ratably over the 3-taxable-year period beginning with such taxable year.

(B) Special rule.—For purposes of subparagraph (A), rules similar to the rules of subparagraph (E) of section 408A(d)(3) of the Internal Revenue Code of 1986 shall apply.

(6) Special rules.—

(A) Exemption of distributions from trustee to trustee transfer and withholding rules.—For purposes of sections 401(a)(31), 402(f), and 3405 of the Internal Revenue Code of 1986, qualified disaster distributions shall not be treated as eligible rollover distributions.

(B) Qualified disaster distributions treated as meeting plan distribution requirements.—For purposes the Internal Revenue Code of 1986, a qualified disaster dis-
(b) RECONTRIBUTIONS OF WITHDRAWALS FOR HOME PURCHASES.—

(1) RECONTRIBUTIONS.—

(A) IN GENERAL.—Any individual who received a qualified distribution may, during the applicable period, make 1 or more contributions in an aggregate amount not to exceed the amount of such qualified distribution to an eligible retirement plan (as defined in section 402(c)(8)(B) of the Internal Revenue Code of 1986) of which such individual is a beneficiary and to which a rollover contribution of such distribution could be made under section 402(c), 403(a)(4), 403(b)(8), or 408(d)(3), of such Code, as the case may be.
(B) Treatment of Repayments.—Rules similar to the rules of subparagraphs (B) and (C) of subsection (a)(3) shall apply for purposes of this subsection.

(2) Qualified Distribution.—For purposes of this subsection, the term “qualified distribution” means any distribution—

(A) described in section 401(k)(2)(B)(i)(IV), 403(b)(7)(A)(i) (but only to the extent such distribution relates to financial hardship), 403(b)(11)(B), or 72(t)(2)(F), of the Internal Revenue Code of 1986,

(B) which was to be used to purchase or construct a principal residence in a qualified disaster area, but which was not so used on account of the qualified disaster with respect to such area, and

(C) which was received during the period beginning on the date which is 180 days before the first day of the incident period of such qualified disaster and ending on the date which is 30 days after the last day of such incident period.

(3) Applicable Period.—For purposes of this subsection, the term “applicable period” means, in
the case of a principal residence in a qualified dis-
aster area with respect to any qualified disaster, the
period beginning on the first day of the incident pe-
riod of such qualified disaster and ending on the
date which is 180 days after the date of the enact-
ment of this Act.

(e) LOANS FROM QUALIFIED PLANS.—

(1) INCREASE IN LIMIT ON LOANS NOT TREAT-
ED AS DISTRIBUTIONS.—In the case of any loan
from a qualified employer plan (as defined under
section 72(p)(4) of the Internal Revenue Code of
1986) to a qualified individual made during the 180-
day period beginning on the date of the enactment
of this Act—

(A) clause (i) of section 72(p)(2)(A) of
such Code shall be applied by substituting
“$100,000” for “$50,000”, and

(B) clause (ii) of such section shall be ap-
plied by substituting “the present value of the
nonforfeitable accrued benefit of the employee
under the plan” for “one-half of the present
value of the nonforfeitable accrued benefit of
the employee under the plan”.

(2) DELAY OF REPAYMENT.—In the case of a
qualified individual (with respect to any qualified
disaster) with an outstanding loan (on or after the first day of the incident period of such qualified disaster) from a qualified employer plan (as defined in section 72(p)(4) of the Internal Revenue Code of 1986)—

(A) if the due date pursuant to subparagraph (B) or (C) of section 72(p)(2) of such Code for any repayment with respect to such loan occurs during the period beginning on the first day of the incident period of such qualified disaster and ending on the date which is 180 days after the last day of such incident period, such due date shall be delayed for 1 year (or, if later, until the date which is 180 days after the date of the enactment of this Act),

(B) any subsequent repayments with respect to any such loan shall be appropriately adjusted to reflect the delay in the due date under subparagraph (A) and any interest accruing during such delay, and

(C) in determining the 5-year period and the term of a loan under subparagraph (B) or (C) of section 72(p)(2) of such Code, the period described in subparagraph (A) of this paragraph shall be disregarded.
(3) **QUALIFIED INDIVIDUAL.**—For purposes of this subsection, the term “qualified individual” means any individual—

(A) whose principal place of abode at any time during the incident period of any qualified disaster is located in the qualified disaster area with respect to such qualified disaster, and

(B) who has sustained an economic loss by reason of such qualified disaster.

(d) **PROVISIONS RELATING TO PLAN AMENDMENTS.**—

(1) **IN GENERAL.**—If this subsection applies to any amendment to any plan or annuity contract, such plan or contract shall be treated as being operated in accordance with the terms of the plan during the period described in paragraph (2)(B)(i).

(2) **AMENDMENTS TO WHICH SUBSECTION APPLIES.**—

(A) **IN GENERAL.**—This subsection shall apply to any amendment to any plan or annuity contract which is made—

(i) pursuant to any provision of this section, or pursuant to any regulation issued by the Secretary or the Secretary of
Labor under any provision of this section, and

(ii) on or before the last day of the first plan year beginning on or after January 1, 2022, or such later date as the Secretary may prescribe.

In the case of a governmental plan (as defined in section 414(d) of the Internal Revenue Code of 1986), clause (ii) shall be applied by substituting the date which is 2 years after the date otherwise applied under clause (ii).

(B) CONDITIONS.—This subsection shall not apply to any amendment unless—

(i) during the period—

(I) beginning on the date that this section or the regulation described in subparagraph (A)(i) takes effect (or in the case of a plan or contract amendment not required by this section or such regulation, the effective date specified by the plan), and

(II) ending on the date described in subparagraph (A)(ii) (or, if earlier, the date the plan or contract amendment is adopted),
the plan or contract is operated as if such plan or contract amendment were in effect, and

(ii) such plan or contract amendment applies retroactively for such period.

SEC. 4. EMPLOYEE RETENTION CREDIT FOR EMPLOYERS AFFECTED BY QUALIFIED DISASTERS.

(a) In General.—For purposes of section 38 of the Internal Revenue Code of 1986, in the case of an eligible employer, the 2020 qualified disaster employee retention credit shall be treated as a credit listed at the end of subsection (b) of such section. For purposes of this subsection, the 2020 qualified disaster employee retention credit for any taxable year is an amount equal to 40 percent of the qualified wages with respect to each eligible employee of such employer for such taxable year. The amount of qualified wages with respect to any employee which may be taken into account under this subsection by the employer for any taxable year shall not exceed $6,000 (reduced by the amount of qualified wages with respect to such employee which may be so taken into account for any prior taxable year).

(b) Definitions.—For purposes of this section—

(1) Eligible employer.—The term “eligible employer” means any employer—
(A) which conducted an active trade or business in a qualified disaster zone at any time during the incident period of the qualified disaster with respect to such qualified disaster zone, and

(B) with respect to whom the trade or business described in subparagraph (A) is inoperable at any time during the period beginning on the first day of the incident period of such qualified disaster and ending on the date of the enactment of this Act, as a result of damage sustained by reason of such qualified disaster.

(2) Eligible Employee.—The term “eligible employee” means with respect to an eligible employer an employee whose principal place of employment with such eligible employer (determined immediately before the qualified disaster referred to in paragraph (1)) was in the qualified disaster zone referred to in such paragraph.

(3) Qualified Wages.—The term “qualified wages” means wages (as defined in section 51(c)(1) of the Internal Revenue Code of 1986, but without regard to section 3306(b)(2)(B) of such Code) paid or incurred by an eligible employer with respect to an eligible employee at any time on or after the date
on which the trade or business described in para-
graph (1) first became inoperable at the principal
place of employment of the employee (determined
immediately before the qualified disaster referred to
in such paragraph) and before the earlier of—

(A) the date on which such trade or busi-
ness has resumed significant operations at such
principal place of employment, or

(B) the date which is 150 days after the
last day of the incident period of the qualified
disaster referred to in paragraph (1).

Such term shall include wages paid without regard
to whether the employee performs no services, per-
forms services at a different place of employment
than such principal place of employment, or per-
forms services at such principal place of employment
before significant operations have resumed.

(c) CERTAIN RULES TO APPLY.—For purposes of
this section, rules similar to the rules of sections 51(i)(1),
52, and 280C(a), of the Internal Revenue Code of 1986,
shall apply.

(d) EMPLOYEE NOT TAKEN INTO ACCOUNT MORE
THAN ONCE.—An employee shall not be treated as an eli-
gible employee for purposes of this section for any period
with respect to any employer if such employer is allowed
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1 a credit under section 51 of the Internal Revenue Code
2 of 1986 with respect to such employee for such period.
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4 SEC. 5. OTHER DISASTER-RELATED TAX RELIEF PROVI-
5 SIONS.
6
7 (a) SPECIAL RULES FOR QUALIFIED DISASTER-re-
8 lated PERSONAL CASUALTY LOSSES.—
9
10 (1) IN GENERAL.—If an individual has a net
11 disaster loss for any taxable year—
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13 (A) the amount determined under section
14 165(h)(2)(A)(ii) of the Internal Revenue Code
15 of 1986 shall be equal to the sum of—
16
17 (i) such net disaster loss, and
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19 (ii) so much of the excess referred to
20 in the matter preceding clause (i) of sec-
21 tion 165(h)(2)(A) of such Code (reduced
22 by the amount in clause (i) of this sub-
23 paragraph) as exceeds 10 percent of the
24 adjusted gross income of the individual,
25
26 (B) section 165(h)(1) of such Code shall
27 be applied by substituting “$500” for “$500
28 ($100 for taxable years beginning after Decem-
29 ber 31, 2009)”,
30
31 (C) the standard deduction determined
32 under section 63(c) of such Code shall be in-
33 creased by the net disaster loss, and
(D) section 56(b)(1)(D) of such Code shall not apply to so much of the standard deduction as is attributable to the increase under subparagraph (C) of this paragraph.

(2) Net disaster loss.—For purposes of this subsection, the term “net disaster loss” means the excess of qualified disaster-related personal casualty losses over personal casualty gains (as defined in section 165(h)(3)(A) of the Internal Revenue Code of 1986).

(3) Qualified disaster-related personal casualty losses.—For purposes of this subsection, the term “qualified disaster-related personal casualty losses” means losses described in section 165(c)(3) of the Internal Revenue Code of 1986 which arise in a qualified disaster area on or after the first day of the incident period of the qualified disaster to which such area relates, and which are attributable to such qualified disaster.

(b) Special rule for determining earned income.—

(1) In general.—In the case of a qualified individual, if the earned income of the taxpayer for the applicable taxable year is less than the earned income of the taxpayer for the preceding taxable year,
the credits allowed under sections 24(d) and 32 of
the Internal Revenue Code of 1986 may, at the elec-
tion of the taxpayer, be determined by sub-
stituting—

(A) such earned income for the preceding
taxable year, for

(B) such earned income for the applicable
taxable year.

(2) QUALIFIED INDIVIDUAL.—For purposes of
this subsection, the term “qualified individual”
means any individual whose principal place of abode
at any time during the incident period of any quali-
fied disaster was located—

(A) in the qualified disaster zone with re-
spect to such qualified disaster, or

(B) in the qualified disaster area with re-
spect to such qualified disaster (but outside the
qualified disaster zone with respect to such
qualified disaster) and such individual was dis-
placed from such principal place of abode by
reason of such qualified disaster.

(3) APPLICABLE TAXABLE YEAR.—For pur-
poses of this subsection, the term “applicable taxable
year” means—
(A) in the case of a qualified individual other than an individual described in subparagraph (B), any taxable year which includes any portion of the incident period of the qualified disaster to which the qualified disaster area referred to in paragraph (2)(A) relates, or

(B) in the case of a qualified individual described in subparagraph (B) of paragraph (2), any taxable year which includes any portion of the period described in such subparagraph.

(4) Earned Income.—For purposes of this subsection, the term “earned income” has the meaning given such term under section 32(c) of the Internal Revenue Code of 1986.

(5) Special Rules.—

(A) Application to Joint Returns.—For purposes of paragraph (1), in the case of a joint return for an applicable taxable year—

(i) such paragraph shall apply if either spouse is a qualified individual, and

(ii) the earned income of the taxpayer for the preceding taxable year shall be the sum of the earned income of each spouse for such preceding taxable year.
(B) Uniform application of election.—Any election made under paragraph (1) shall apply with respect to both sections 24(d) and 32 of the Internal Revenue Code of 1986.

(C) Errors treated as mathematical error.—For purposes of section 6213 of the Internal Revenue Code of 1986, an incorrect use on a return of earned income pursuant to paragraph (1) shall be treated as a mathematical or clerical error.

(D) No effect on determination of gross income, etc.—Except as otherwise provided in this subsection, the Internal Revenue Code of 1986 shall be applied without regard to any substitution under paragraph (1).

SEC. 6. ADDITIONAL LOW-INCOME HOUSING CREDIT ALLOCATIONS.

(a) In general.—For purposes of section 42 of the Internal Revenue Code of 1986, the State housing credit ceiling for any qualified State for calendar year 2021 shall be increased by the lesser of—

(1) the aggregate housing credit dollar amount allocated by the State housing credit agencies of such qualified State for such calendar year to build-
ings located in qualified disaster zones in such qualified State, or

(2) 50 percent of the sum of the State housing credit ceilings for such qualified State for calendar year 2020.

(b) Allocations Treated as Made First From Additional Allocation for Purposes of Determining Carryover.—For purposes of determining the unused State housing credit ceiling for any calendar year under section 42(h)(3)(C) of the Internal Revenue Code of 1986, any increase in the State housing credit ceiling under subsection (a) shall be treated as an amount described in clause (ii) of such section.

(e) Definitions.—For purposes of this section—

(1) Qualified State.—The term “qualified State” means any State in which there is a qualified disaster zone.

(2) Other Definitions.—Terms used in this section which are also used in section 42 of the Internal Revenue Code of 1986 shall have the same meaning in this section as in such section 42.

SEC. 7. TREATMENT OF CERTAIN POSSESSIONS.

(a) 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 application 
of the provisions of this Act. Such amounts shall be deter-
mined by the Secretary of the Treasury based on informa-
tion provided by the government of the respective posses-
sion.

(b) PAYMENTS TO OTHER POSSESSIONS.—The Sec-
retary of the Treasury shall pay to each possession of the 
United States which does not have a mirror code tax sys-
tem 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 provisions of this Act if a mirror code 
tax system had been in effect in such possession. The pre-
ceding sentence shall not apply unless the respective pos-
session has a plan, which has been approved by the Sec-
retary of the Treasury, under which such possession will 
promptly distribute such payments to its residents.

(c) MIRROR CODE TAX SYSTEM.—For purposes of 
this section, 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 sys-
tem is determined by reference to the income tax laws of
the United States as if such possession were the United States.

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