

119TH CONGRESS
2D SESSION

H. R. 9480

To amend the Internal Revenue Code of 1986 to allow a deduction for amounts contributed to home savings accounts, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JUNE 25, 2026

Mr. PERRY 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 allow a deduction for amounts contributed to home savings accounts, and for other purposes.

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. HOME SAVINGS ACCOUNTS.**

4 (a) IN GENERAL.—Part VII of subchapter B of chap-
5 ter 1 of the Internal Revenue Code of 1986 is amended
6 by inserting after section 213 the following new section:

7 **“SEC. 214. HOME SAVINGS ACCOUNTS.**

8 “(a) DEDUCTION ALLOWED.—In the case of an indi-
9 vidual, there shall be allowed as a deduction for the tax-
10 able year an amount equal to the aggregate amount paid

1 in cash during such taxable year by such individual to a
2 home savings account of such individual.

3 “(b) LIMITATIONS.—

4 “(1) IN GENERAL.—The amount allowable as a
5 deduction under subsection (a) to an individual for
6 the taxable year shall not exceed \$10,000 (\$20,000
7 in the case of a married individual filing a joint re-
8 turn).

9 “(2) DENIAL OF DEDUCTION TO DEPEND-
10 ENTS.—No deduction shall be allowed under this
11 section to any individual with respect to whom a de-
12 duction under section 151 is allowable to another
13 taxpayer for a taxable year beginning in the cal-
14 endar year in which such individual’s taxable year
15 begins.

16 “(c) HOME SAVINGS ACCOUNTS.—For purposes of
17 this section—

18 “(1) IN GENERAL.—The term ‘home savings ac-
19 count’ means a trust created or organized in the
20 United States as a home savings account exclusively
21 for the purpose of paying the qualified housing ex-
22 penses of the account beneficiary, but only if the
23 written governing instrument creating the trust
24 meets the following requirements:

1 “(A) Except in the case of a rollover con-
2 tribution described in subsection (e)(5), no con-
3 tribution will be accepted—

4 “(i) unless it is in cash and made by
5 the account beneficiary, or

6 “(ii) to the extent such contribution,
7 when added to previous contributions to
8 the trust for the calendar year, exceeds the
9 dollar amount in effect under subsection
10 (b)(1).

11 “(B) The trustee is a bank (as defined in
12 section 408(n)), an insurance company (as de-
13 fined in section 816), or another person who
14 demonstrates to the satisfaction of the Sec-
15 retary that the manner in which such person
16 will administer the trust will be consistent with
17 the requirements of this section.

18 “(C) No part of the trust assets will be in-
19 vested in life insurance contracts.

20 “(D) The assets of the trust will not be
21 commingled with other property except in a
22 common trust fund or common investment
23 fund.

1 “(E) The interest of an individual in the
2 balance in such individual’s account is non-
3 forfeitable.

4 “(2) QUALIFIED HOUSING EXPENSES.—

5 “(A) IN GENERAL.—The term ‘qualified
6 housing expenses’ means, with respect to an ac-
7 count beneficiary, amounts paid by such bene-
8 ficiary—

9 “(i) for the purchase of a principal
10 residence for such beneficiary, or

11 “(ii) to make excess payments on any
12 remaining principal of the amount of ac-
13 quisition indebtedness with respect to such
14 residence.

15 “(B) PRINCIPAL RESIDENCE; PURCHASE.—
16 The terms ‘principal residence’ and ‘purchase’
17 have the meaning given such terms in section
18 36(c).

19 “(C) ACQUISITION INDEBTEDNESS.—The
20 term ‘acquisition indebtedness’ means any in-
21 debtedness which is incurred with respect to the
22 purchase of the principal residence of the ac-
23 count beneficiary and is secured by such resi-
24 dence. Such term also includes any indebted-
25 ness secured by such residence resulting from

1 the refinancing of indebtedness meeting the re-
2 quirements of the preceding sentence (or this
3 sentence); but only to the extent the amount of
4 the indebtedness resulting from such refi-
5 nancing does not exceed the amount of the refi-
6 nanced indebtedness.

7 “(3) ACCOUNT BENEFICIARY.—The term ‘ac-
8 count beneficiary’ means the individual on whose be-
9 half the home savings account was established.

10 “(4) CERTAIN RULES APPLY.—Rules similar to
11 the following rules shall apply for purposes of this
12 section:

13 “(A) Section 219(d)(2) (relating to no de-
14 duction for rollovers).

15 “(B) Section 219(f)(3) (relating to time
16 when contributions deemed made).

17 “(C) Section 408(g) (relating to commu-
18 nity property laws).

19 “(D) Section 408(h) (relating to custodial
20 accounts).

21 “(d) TAX TREATMENT OF ACCOUNTS.—

22 “(1) IN GENERAL.—A home savings account is
23 exempt from taxation under this subtitle unless such
24 account has ceased to be a home savings account.

25 Notwithstanding the preceding sentence, any such

1 account is subject to the taxes imposed by section
2 511 (relating to imposition of tax on unrelated busi-
3 ness income of charitable, etc. organizations).

4 “(2) ACCOUNT TERMINATIONS.—Rules similar
5 to the rules of paragraphs (2) and (4) of section
6 408(e) shall apply to home savings accounts, and
7 any amount treated as distributed under such rules
8 shall be treated as not used to pay qualified housing
9 expenses.

10 “(e) TAX TREATMENT OF DISTRIBUTIONS.—

11 “(1) AMOUNTS USED FOR QUALIFIED HOUSING
12 EXPENSES.—Any amount paid or distributed out of
13 a home savings account which is used exclusively to
14 pay qualified housing expenses of any account bene-
15 ficiary shall not be includible in gross income.

16 “(2) INCLUSION OF AMOUNTS NOT USED FOR
17 QUALIFIED HOUSING EXPENSES.—Any amount paid
18 or distributed out of a home savings account which
19 is not used exclusively to pay the qualified housing
20 expenses of the account beneficiary shall be included
21 in the gross income of such beneficiary.

22 “(3) EXCESS CONTRIBUTIONS RETURNED BE-
23 FORE DUE DATE OF RETURN.—

24 “(A) IN GENERAL.—If any excess con-
25 tribution is contributed for a taxable year to

1 any home savings account of an individual,
2 paragraph (2) shall not apply to distributions
3 from the home savings accounts of such indi-
4 vidual (to the extent such distributions do not
5 exceed the aggregate excess contributions to all
6 such accounts of such individual for such year)
7 if—

8 “(i) such distribution is received by
9 the individual on or before the last day
10 prescribed by law (including extensions of
11 time) for filing such individual’s return for
12 such taxable year, and

13 “(ii) such distribution is accompanied
14 by the amount of net income attributable
15 to such excess contribution.

16 Any net income described in clause (ii) shall be
17 included in the gross income of the individual
18 for the taxable year in which it is received.

19 “(B) EXCESS CONTRIBUTION.—For pur-
20 poses of subparagraph (A), the term ‘excess
21 contribution’ means any contribution (other
22 than a rollover contribution described in para-
23 graph (5)) which is not deductible under this
24 section.

1 “(4) ADDITIONAL TAX ON DISTRIBUTIONS NOT
2 USED FOR QUALIFIED HOUSING EXPENSES.—

3 “(A) IN GENERAL.—The tax imposed by
4 this chapter on the account beneficiary for any
5 taxable year in which there is a payment or dis-
6 tribution from a home savings account of such
7 beneficiary which is includible in gross income
8 under paragraph (2) shall be increased by 20
9 percent of the amount which is so includible.

10 “(B) EXCEPTION FOR DISABILITY OR
11 DEATH.—Subparagraph (A) shall not apply if
12 the payment or distribution is made after the
13 account beneficiary becomes disabled within the
14 meaning of section 72(m)(7) or dies.

15 “(5) ROLLOVER CONTRIBUTION.—An amount is
16 described in this paragraph as a rollover contribu-
17 tion if it meets the requirements of subparagraphs
18 (A) and (B).

19 “(A) IN GENERAL.—Paragraph (2) shall
20 not apply to any amount paid or distributed
21 from a home savings account to the account
22 beneficiary to the extent the amount received is
23 paid into a home savings account for the benefit
24 of such beneficiary not later than the 60th day

1 after the day on which the beneficiary receives
2 the payment or distribution.

3 “(B) LIMITATION.—This paragraph shall
4 not apply to any amount described in subpara-
5 graph (A) received by an individual from a
6 home savings account if, at any time during the
7 1-year period ending on the day of such receipt,
8 such individual received any other amount de-
9 scribed in subparagraph (A) from a home sav-
10 ings account which was not includible in the in-
11 dividual’s gross income because of the applica-
12 tion of this paragraph.

13 “(6) TRANSFER OF ACCOUNT INCIDENT TO DI-
14 VORCE.—The transfer of an individual’s interest in
15 a home savings account to an individual’s spouse or
16 former spouse under a divorce or separation instru-
17 ment described in clause (i) of section 121(d)(3)(C)
18 shall not be considered a taxable transfer made by
19 such individual notwithstanding any other provision
20 of this subtitle, and such interest shall, after such
21 transfer, be treated as a home savings account with
22 respect to which such spouse is the account bene-
23 ficiary.

24 “(7) TREATMENT AFTER DEATH OF ACCOUNT
25 BENEFICIARY.—

1 “(A) TREATMENT IF DESIGNATED BENE-
2 FICIARY IS SPOUSE.—If the account bene-
3 ficiary’s surviving spouse acquires such bene-
4 ficiary’s interest in a home savings account by
5 reason of being the designated beneficiary of
6 such account at the death of the account bene-
7 ficiary, such home savings account shall be
8 treated as if the spouse were the account bene-
9 ficiary.

10 “(B) OTHER CASES.—

11 “(i) IN GENERAL.—If, by reason of
12 the death of the account beneficiary, any
13 person acquires the account beneficiary’s
14 interest in a home savings account in a
15 case to which subparagraph (A) does not
16 apply—

17 “(I) such account shall cease to
18 be a home savings account as of the
19 date of death, and

20 “(II) an amount equal to the fair
21 market value of the assets in such ac-
22 count on such date shall be includible,
23 if such person is not the estate of
24 such beneficiary, in such person’s
25 gross income for the taxable year

1 which includes such date, or if such
2 person is the estate of such bene-
3 ficiary, in such beneficiary's gross in-
4 come for the last taxable year of such
5 beneficiary.

6 “(ii) SPECIAL RULES.—

7 “(I) REDUCTION OF INCLUSION
8 FOR PREDEATH EXPENSES.—The
9 amount includible in gross income
10 under clause (i) by any person (other
11 than the estate) shall be reduced by
12 the amount of qualified housing ex-
13 penses which were incurred by the de-
14 cedent before the date of the dece-
15 dent's death and paid by such person
16 within 1 year after such date.

17 “(II) DEDUCTION FOR ESTATE
18 TAXES.—An appropriate deduction
19 shall be allowed under section 691(c)
20 to any person (other than the dece-
21 dent or the decedent's spouse) with
22 respect to amounts included in gross
23 income under clause (i) by such per-
24 son.

25 “(f) INFLATION ADJUSTMENT.—

1 “(1) IN GENERAL.—In the case of any taxable
2 year beginning after December 31, 2027, each dollar
3 amount in subsection (b)(1) shall be increased by an
4 amount equal to—

5 “(A) such dollar amount, multiplied by

6 “(B) the cost-of-living adjustment deter-
7 mined under section 1(f)(3) for the calendar
8 year in which such taxable year begins deter-
9 mined by substituting ‘calendar year 2026’ for
10 ‘calendar year 2016’ in subparagraph (A)(ii)
11 thereof.

12 “(2) ROUNDING.—If any increase under para-
13 graph (1) is not a multiple of \$100, such increase
14 shall be rounded to the nearest multiple of \$100.

15 “(g) REPORTS.—The Secretary may require the
16 trustee of a home savings account to make such reports
17 regarding such account to the Secretary and to the ac-
18 count beneficiary with respect to contributions, distribu-
19 tions, the return of excess contributions, and such other
20 matters as the Secretary determines appropriate. The re-
21 ports required by this subsection shall be filed at such time
22 and in such manner and furnished to such individuals at
23 such time and in such manner as may be required by the
24 Secretary.”.

1 (b) DEDUCTION ALLOWED WHETHER OR NOT INDIVIDUAL
2 ITEMIZES OTHER DEDUCTIONS.—Section 62(a)
3 of such Code is amended by inserting after paragraph (21)
4 the following new paragraph:

5 “(22) HOME SAVINGS ACCOUNTS.—The deduc-
6 tion allowed by section 214.”.

7 (c) FUNDING DISTRIBUTIONS FROM INDIVIDUAL RE-
8 TIREMENT PLANS.—Section 408(d) of such Code is
9 amended by adding at the end the following new para-
10 graph:

11 “(10) DISTRIBUTIONS FOR HOME SAVINGS AC-
12 COUNT FUNDING.—

13 “(A) IN GENERAL.—In the case of an indi-
14 vidual who elects the application of this para-
15 graph for a taxable year, gross income of the
16 individual for the taxable year does not include
17 a qualified home savings account funding dis-
18 tribution to the extent such distribution is oth-
19 erwise includible in gross income.

20 “(B) QUALIFIED HOME SAVINGS ACCOUNT
21 FUNDING DISTRIBUTION.—For purposes of this
22 paragraph, the term ‘qualified home savings ac-
23 count funding distribution’ means a distribution
24 from an individual retirement plan (other than
25 a plan described in subsection (k) or (p)) of the

1 employee to the extent that such distribution is
2 contributed to the home savings account of the
3 individual in a direct trustee-to-trustee transfer.

4 “(C) LIMITATIONS.—

5 “(i) MAXIMUM DOLLAR AMOUNT.—

6 The amount excluded from gross income
7 by subparagraph (A) shall not exceed the
8 dollar limitation under section 214(b)(1)
9 which is applicable at the time of the quali-
10 fied home savings account funding dis-
11 tribution.

12 “(ii) ONE-TIME TRANSFER.—An indi-

13 vidual may make an election under sub-
14 paragraph (A) only for one qualified home
15 savings account funding distribution dur-
16 ing the lifetime of the individual. Such an
17 election, once made, shall be irrevocable.

18 “(D) APPLICATION OF SECTION 72.—Not-

19 withstanding section 72, in determining the ex-
20 tent to which an amount is treated as otherwise
21 includible in gross income for purposes of sub-
22 paragraph (A), the aggregate amount distrib-
23 uted from an individual retirement plan shall be
24 treated as includible in gross income to the ex-
25 tent that such amount does not exceed the ag-

1 aggregate amount which would have been so in-
 2 cludible if all amounts from all individual retire-
 3 ment plans were distributed. Proper adjust-
 4 ments shall be made in applying section 72 to
 5 other distributions in such taxable year and
 6 subsequent taxable years.”.

7 (d) TAX ON EXCESS CONTRIBUTIONS.—Section 4973
 8 of such Code is amended—

9 (1) by striking “or” at the end of subsection
 10 (a)(5), by inserting “or” at the end of subsection
 11 (a)(6), and by inserting after subsection (a)(6) the
 12 following new paragraph:

13 “(7) a home savings account (within the mean-
 14 ing of section 214(c)),”, and

15 (2) by adding at the end the following new sub-
 16 section:

17 “(i) EXCESS CONTRIBUTIONS TO HOME SAVINGS AC-
 18 COUNTS.—For purposes of this section, in the case of
 19 home savings accounts (within the meaning of section
 20 214(c)), the term ‘excess contributions’ means the sum
 21 of—

22 “(1) the aggregate amount contributed for the
 23 taxable year to the accounts (other than a rollover
 24 contribution described in section 214(e)(5)) which is

1 not allowable as a deduction under section 214 for
 2 such year, and

3 “(2) the amount determined under this sub-
 4 section for the preceding taxable year, reduced by
 5 the sum of—

6 “(A) the distributions out of the accounts
 7 which were included in gross income under sec-
 8 tion 214(e)(2), and

9 “(B) the excess (if any) of—

10 “(i) the maximum amount allowable
 11 as a deduction under section 214(b)(1) for
 12 the taxable year, over

13 “(ii) the amount contributed to the
 14 accounts for the taxable year.

15 For purposes of this subsection, any contribu-
 16 tion which is distributed out of the home sav-
 17 ings account in a distribution to which section
 18 214(e)(3) applies shall be treated as an amount
 19 not contributed.”.

20 (e) TAX ON PROHIBITED TRANSACTIONS.—

21 (1) Section 4975(c) of such Code is amended by
 22 adding at the end the following new paragraph:

23 “(8) SPECIAL RULE FOR HOME SAVINGS AC-
 24 COUNTS.—An individual for whose benefit a home
 25 savings account (within the meaning of section

1 214(c)) is established shall be exempt from the tax
2 imposed by this section with respect to any trans-
3 action concerning such account (which would other-
4 wise be taxable under this section) if, with respect
5 to such transaction, the account ceases to be a home
6 savings account by reason of the application of sec-
7 tion 214(d)(2) to such account.”.

8 (2) Section 4975(e)(1) of such Code is amended
9 by redesignating subparagraphs (D) through (G) as
10 subparagraphs (E) through (H), respectively, and by
11 inserting after subparagraph (C) the following new
12 subparagraph:

13 “(D) a home savings account described in
14 section 214(c),”.

15 (f) FAILURE TO PROVIDE REPORTS ON HOME SAV-
16 INGS ACCOUNTS.—Section 6693(a)(2) of such Code is
17 amended by redesignating subparagraphs (B) through (G)
18 as subparagraphs (C) through (H), respectively, and by
19 inserting after subparagraph (A) the following new sub-
20 paragraph:

21 “(B) section 214(g) (relating to home sav-
22 ings accounts),”.

23 (g) CLERICAL AMENDMENT.—The table of sections
24 for part VII of subchapter B of chapter 1 of such Code

1 is amended by inserting after the item relating to section
2 213 the following new item:

“Sec. 214. Home savings accounts.”.

3 (h) EFFECTIVE DATE.—The amendments made by
4 this section shall apply to taxable years beginning after
5 December 31, 2026.

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