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(Original Signature of Member)

119TH CONGRESS
1ST SESSION

H. R. _____

To amend the Internal Revenue Code of 1986 to exclude holiday bonuses
from gross income, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Mr. MACKENZIE introduced the following bill; which was referred to the
Committee on _____

A BILL

To amend the Internal Revenue Code of 1986 to exclude
holiday bonuses from gross income, 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. SHORT TITLE.**

4 This Act may be cited as the “Holiday Bonus Tax
5 Relief Act of 2025”.

1 **SEC. 2. EXCLUSION FROM GROSS INCOME OF HOLIDAY BO-**
2 **NUSES.**

3 (a) IN GENERAL.—Part III of subchapter B of chap-
4 ter 1 of the Internal Revenue Code of 1986 is amended
5 by inserting after section 139L the following new section:

6 **“SEC. 139M. QUALIFIED HOLIDAY BONUSES.**

7 “(a) IN GENERAL.—Gross income shall not include
8 any qualified holiday bonus.

9 “(b) LIMITATION.—

10 “(1) IN GENERAL.—The amount which may be
11 excluded under subsection (a) with respect to any in-
12 dividual shall not exceed \$2,500.

13 “(2) INFLATION ADJUSTMENT.—In the case of
14 any taxable year beginning in a calendar year after
15 2026, the \$2,500 amount in paragraph (1) shall be
16 increased by an amount equal to—

17 “(A) such dollar amount, multiplied by

18 “(B) the cost-of-living adjustment deter-
19 mined under section 1(f)(3) for the calendar
20 year in which the taxable year begins, deter-
21 mined by substituting ‘calendar year 2025’ for
22 ‘calendar year 2016’ in subparagraph (A)(ii)
23 thereof.

24 Any increase determined under the preceding sen-
25 tence shall be rounded to the nearest multiple of
26 \$100.

1 “(c) QUALIFIED HOLIDAY BONUS.—For purposes of
2 this section, the term ‘qualified holiday bonus’ means, with
3 respect to a taxable year, any holiday, end-of-year, or simi-
4 lar bonus that is paid by an employer to an employee dur-
5 ing the month of January, November, or December of
6 such taxable year.

7 “(d) REGULATIONS.—The Secretary shall prescribe
8 such regulations or other guidance as may be necessary
9 to prevent reclassification of income as a qualified holiday
10 bonus, including regulations or other guidance to prevent
11 abuse of the exclusion allowed by this section.”.

12 (b) QUALIFIED HOLIDAY BONUSES REQUIRED TO
13 BE SHOWN ON W-2.—Section 6051(a) of such Code is
14 amended by striking “and” at the end of paragraph (18),
15 by striking the period at the end of paragraph (19) and
16 inserting “, and”, and by inserting after paragraph (19)
17 the following new paragraph:

18 “(20) the total amount of qualified holiday bo-
19 nuses (as defined in section 139M(c)).”.

20 (c) CLERICAL AMENDMENT.—The table of sections
21 for part III of subchapter B of chapter 1 of such Code
22 is amended by inserting after the item relating to section
23 139L the following new item:

“Sec. 139M. Qualified holiday bonuses.”.

1 (d) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to bonuses received on or after No-
3 vember 1, 2025, in taxable years ending after such date.