

109TH CONGRESS  
1ST SESSION

# H. R. 3098

To amend the Internal Revenue Code of 1986 to allow a deduction for premiums on mortgage insurance, and for other purposes.

---

IN THE HOUSE OF REPRESENTATIVES

JUNE 28, 2005

Mr. RYAN of Wisconsin (for himself, Mr. JEFFERSON, and Mr. CANTOR) 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 premiums on mortgage insurance, 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 “Mortgage Insurance  
5 Fairness Act of 2005”.

6 **SEC. 2. PREMIUMS FOR MORTGAGE INSURANCE.**

7 (a) IN GENERAL.—Paragraph (3) of section 163(h)  
8 of the Internal Revenue Code of 1986 (relating to quali-

1 fied residence interest) is amended by adding after sub-  
2 paragraph (D) the following new subparagraph:

3           “(E) MORTGAGE INSURANCE PREMIUMS  
4           TREATED AS INTEREST.—

5                   “(i) IN GENERAL.—Premiums paid or  
6                   accrued for qualified mortgage insurance  
7                   by a taxpayer during the taxable year in  
8                   connection with acquisition indebtedness  
9                   with respect to a qualified residence of the  
10                  taxpayer shall be treated for purposes of  
11                  this subsection as qualified residence inter-  
12                  est.

13                  “(ii) PHASEOUT.—The amount other-  
14                  wise allowable as a deduction under clause  
15                  (i) shall be reduced (but not below zero) by  
16                  10 percent of such amount for each \$1,000  
17                  (\$500 in the case of a married individual  
18                  filing a separate return) (or fraction there-  
19                  of) that the taxpayer’s adjusted gross in-  
20                  come for the taxable year exceeds  
21                  \$100,000 (\$50,000 in the case of a mar-  
22                  ried individual filing a separate return).”.

23           (b) DEFINITION AND SPECIAL RULES.—Paragraph  
24 (4) of section 163(h) of the Internal Revenue Code of

1 1986 (relating to qualified residence interest) is amended  
2 by adding at the end the following new subparagraphs:

3           “(E) QUALIFIED MORTGAGE INSUR-  
4 ANCE.—The term ‘qualified mortgage insur-  
5 ance’ means—

6                   “(i) mortgage insurance provided by  
7 the Veterans Administration, the Federal  
8 Housing Administration, or the Rural  
9 Housing Administration, and

10                   “(ii) private mortgage insurance (as  
11 defined by section 2 of the Homeowners  
12 Protection Act of 1998 (12 U.S.C. 4901),  
13 as in effect on the date of the enactment  
14 of this subparagraph).

15           “(F) SPECIAL RULES FOR PREPAID QUALI-  
16 FIED MORTGAGE INSURANCE.—Any amount  
17 paid by the taxpayer for qualified mortgage in-  
18 surance that is properly allocable to any mort-  
19 gage the payment of which extends to periods  
20 that are after the close of the taxable year in  
21 which such amount is paid shall be chargeable  
22 to capital account and shall be treated as paid  
23 in such periods to which so allocated. No deduc-  
24 tion shall be allowed for the unamortized bal-  
25 ance of such account if such mortgage is satis-

1           fied before the end of its term. The preceding  
2           sentences shall not apply to amounts paid for  
3           qualified mortgage insurance provided by the  
4           Veterans Administration or the Rural Housing  
5           Administration.”.

6 **SEC. 3. INFORMATION RETURNS RELATING TO MORTGAGE**  
7                                   **INSURANCE.**

8           Section 6050H of the Internal Revenue Code of 1986  
9 (relating to information returns relating to mortgage in-  
10 terest) is amended by adding at the end the following new  
11 subsection:

12           “(h) RETURNS RELATING TO MORTGAGE INSURANCE  
13 PREMIUMS.—

14                   “(1) IN GENERAL.—The Secretary may pre-  
15 scribe, by regulations, that any person who, in the  
16 course of a trade or business, receives from any indi-  
17 vidual premiums for mortgage insurance aggregating  
18 \$600 or more for any calendar year shall make a re-  
19 turn with respect to each such individual. Such re-  
20 turn shall be in such form, shall be made at such  
21 time, and shall contain such information as the Sec-  
22 retary may prescribe.

23                   “(2) STATEMENT TO BE FURNISHED TO INDI-  
24 VIDUALS WITH RESPECT TO WHOM INFORMATION IS  
25 REQUIRED.—Every person required to make a re-

1       turn under paragraph (1) shall furnish to each indi-  
2       vidual with respect to whom a return is made a writ-  
3       ten statement showing such information as the Sec-  
4       retary may prescribe. Such written statement shall  
5       be furnished on or before January 31 of the year  
6       following the calendar year for which the return  
7       under paragraph (1) was required to be made.

8               “(3) SPECIAL RULES.—For purposes of this  
9       subsection—

10               “(A) rules similar to the rules of sub-  
11       section (c) shall apply, and

12               “(B) the term ‘mortgage insurance’  
13       means—

14               “(i) mortgage insurance provided by  
15       the Veterans Administration, the Federal  
16       Housing Administration or the Rural  
17       Housing Administration, and

18               “(ii) private mortgage insurance (as  
19       defined by section 2 of the Homeowners  
20       Protection Act of 1998 (12 U.S.C. 4901),  
21       as in effect on the date of the enactment  
22       of this subparagraph.”.

1 **SEC. 4. EFFECTIVE DATE.**

2       The amendments made by this Act shall apply to  
3 amounts paid or accrued after the date of enactment of  
4 this Act in taxable years ending after such date.

○