

119TH CONGRESS  
1ST SESSION

# H. R. 2163

To amend the Internal Revenue Code of 1986 to waive early withdrawal penalties from retirement accounts for victims of fraud.

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IN THE HOUSE OF REPRESENTATIVES

MARCH 14, 2025

Ms. STEVENS introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to waive early withdrawal penalties from retirement accounts for victims of fraud.

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 “No Penalties for Vic-  
5 tims of Fraud Act”.

6 **SEC. 2. WAIVER OF EARLY WITHDRAWAL PENALTIES FOR**  
7 **VICTIMS OF FRAUD.**

8 (a) IN GENERAL.—Section 72(t)(2) of the Internal  
9 Revenue Code of 1986 is amended by adding at the end  
10 the following new subparagraph:

1                   “(N) DISTRIBUTIONS FROM RETIREMENT  
2 PLANS IN CASE OF VICTIM OF FRAUD.—

3                   “(i) IN GENERAL.—Any distribution  
4 from an applicable eligible retirement plan  
5 to an individual if such distribution is  
6 made on account of the individual being a  
7 victim of fraud.

8                   “(ii) VICTIM OF FRAUD.—For pur-  
9 poses of this subparagraph, the term ‘vic-  
10 tim of fraud’ means an individual who—

11                   “(I) submits an application for  
12 waiver to the Secretary (in such time  
13 and manner as the Secretary may pre-  
14 scribe) which fulfils the documenta-  
15 tion requirement of clause (iii), and

16                   “(II) is designated as a victim of  
17 fraud by the Secretary.

18                   “(iii) DOCUMENTATION REQUIRE-  
19 MENT.—The documentation requirement  
20 under this clause is fulfilled if the taxpayer  
21 provides documentation (in such time and  
22 manner as the Secretary may prescribe)  
23 from a law enforcement agency or a court  
24 of competent jurisdiction establishing that  
25 the individual is the victim of a fraudulent

1 act that resulted in a distribution from an  
2 applicable retirement plan.

3 “(iv) AMOUNT DISTRIBUTED MAY BE  
4 REPAID.—Rules similar to the rules of sub-  
5 paragraph (H)(v) shall apply.

6 “(v) APPLICABLE ELIGIBLE RETIRE-  
7 MENT PLAN.—The term ‘applicable eligible  
8 retirement plan’ means an eligible retire-  
9 ment plan (as defined in section  
10 402(c)(8)(B)) other than a defined benefit  
11 plan.”.

12 (b) EFFECTIVE DATE.—The amendment made by  
13 this section shall apply to distributions made after the  
14 date of the enactment of this Act.

15 **SEC. 3. INFORMATION AND OUTREACH.**

16 (a) GUIDANCE.—Not later than 180 days after the  
17 date of the enactment of this Act, the Secretary of the  
18 Treasury (or the Secretary’s delegate) shall issue guidance  
19 on the process for claiming the waiver of early withdrawal  
20 penalties for victims of fraud under section 72(t)(2)(N)  
21 of the Internal Revenue Code of 1986, as added by section  
22 2 of this Act.

23 (b) PUBLIC AWARENESS CAMPAIGN.—As soon as  
24 practicable after the date of the enactment of this Act,  
25 the Secretary of the Treasury (or the Secretary’s delegate)

1 shall conduct a public awareness campaign to educate the  
2 public about the protections and relief available under sec-  
3 tion 72(t)(2)(N) of the Internal Revenue Code of 1986,  
4 as added by section 2 of this Act.

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