

113TH CONGRESS  
1ST SESSION

# S. 836

To amend the Internal Revenue Code of 1986 to strengthen the earned income tax credit and make permanent certain tax provisions under the American Recovery and Reinvestment Act of 2009.

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## IN THE SENATE OF THE UNITED STATES

APRIL 25, 2013

Mr. BROWN (for himself, Mr. DURBIN, Mr. SCHUMER, Mr. BAUCUS, Mr. ROCKEFELLER, Mr. WYDEN, Ms. STABENOW, Mr. MENENDEZ, Mr. CARDIN, Mr. CASEY, Mrs. MURRAY, Mr. LAUTENBERG, Mrs. GILLIBRAND, Mr. COWAN, Mr. WHITEHOUSE, Mr. REED, Ms. HIRONO, Mr. HARKIN, Mr. LEVIN, Mrs. BOXER, Mr. BLUMENTHAL, Mr. BEGICH, Mr. SCHATZ, Ms. KLOBUCHAR, Mr. FRANKEN, Mr. BENNET, Ms. WARREN, Mr. JOHNSON of South Dakota, Mr. MERKLEY, and Mr. MURPHY) introduced the following bill; which was read twice and referred to the Committee on Finance

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## A BILL

To amend the Internal Revenue Code of 1986 to strengthen the earned income tax credit and make permanent certain tax provisions under the American Recovery and Reinvestment Act of 2009.

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 “Working Families Tax  
5 Relief Act of 2013”.

1 **SEC. 2. PERMANENT EXTENSION OF AND MODIFICATIONS**  
2 **TO THE CHILD TAX CREDIT.**

3 (a) PERMANENT EXTENSION OF INCREASE IN RE-  
4 FUNDABLE PORTION.—

5 (1) IN GENERAL.—Clause (i) of section  
6 24(d)(1)(B) of the Internal Revenue Code of 1986  
7 is amended by striking “\$10,000” and inserting  
8 “\$3,000”.

9 (2) CONFORMING AMENDMENT.—Subsection (d)  
10 of section 24 of such Code is amended by striking  
11 paragraph (4).

12 (3) ELIMINATION OF INFLATION ADJUST-  
13 MENT.—Subsection (d) of section 24 of such Code is  
14 amended by striking paragraph (3).

15 (b) INFLATION ADJUSTMENTS.—Section 24 of the  
16 Internal Revenue Code of 1986 is amended by adding at  
17 the end the following new subsection:

18 “(g) INFLATION ADJUSTMENTS.—

19 “(1) IN GENERAL.—In the case of any taxable  
20 year beginning in a calendar year after 2012, the  
21 \$1,000 amount in subsection (a) and each of the  
22 dollar amounts in subsection (b)(2) shall each be in-  
23 creased by an amount equal to—

24 “(A) such dollar amount, multiplied by

25 “(B) the cost-of-living adjustment deter-  
26 mined under section 1(f)(3) for the calendar

1 year in which the taxable year begins, deter-  
2 mined by substituting ‘calendar year 2011’ for  
3 ‘calendar year 1992’ in subparagraph (B)  
4 thereof.

5 “(2) ROUNDING.—Any increase determined  
6 under the preceding sentence shall be rounded to the  
7 nearest multiple of \$50.”.

8 (c) EFFECTIVE DATE.—The amendments made by  
9 this section shall apply to taxable years beginning after  
10 December 31, 2012.

11 **SEC. 3. PERMANENT EXTENSION OF MODIFICATIONS TO**  
12 **EARNED INCOME TAX CREDIT.**

13 (a) INCREASE IN CREDIT PERCENTAGE FOR FAMI-  
14 LIES WITH 3 OR MORE CHILDREN.—Paragraph (1) of  
15 section 32(b) of the Internal Revenue Code of 1986 is  
16 amended by striking subparagraphs (B) and (C) and in-  
17 serting the following new subparagraph:

18 “(B) INCREASED CREDIT PERCENTAGE  
19 FOR FAMILIES WITH 3 OR MORE QUALIFYING  
20 CHILDREN.—In the case of an eligible indi-  
21 vidual with 3 or more qualifying children, the  
22 table in subparagraph (A) shall be applied by  
23 substituting ‘45’ for ‘40’ in the second column  
24 thereof.”.

25 (b) JOINT RETURNS.—

1           (1) IN GENERAL.—Subparagraph (B) of section  
 2           32(b)(2) of the Internal Revenue Code of 1986 is  
 3           amended by striking “increased by” and all that fol-  
 4           lows and inserting “increased by \$5,000.”.

5           (2) INFLATION ADJUSTMENTS.—Clause (ii) of  
 6           section 32(j)(1)(B) of such Code is amended—

7                   (A) by striking “\$3,000” and inserting  
 8                   “\$5,000”,

9                   (B) by striking “subsection (b)(2)(B)(iii)”  
 10                  and inserting “subsection (b)(2)(B)”, and

11                  (C) by striking “calendar year 2007” and  
 12                  inserting “calendar year 2008”.

13           (c) CONFORMING AMENDMENT.—Section 32(b) of  
 14           such Code is amended by striking paragraph (3).

15           (d) EFFECTIVE DATE.—The amendments made by  
 16           this section shall apply to taxable years beginning after  
 17           December 31, 2012.

18 **SEC. 4. STRENGTHENING THE EARNED INCOME TAX CRED-**

19 **IT.**

20           (a) INCREASED CREDIT FOR INDIVIDUALS WITH NO  
 21           QUALIFYING CHILDREN.—

22                   (1) IN GENERAL.—The table in subparagraph  
 23                   (A) of section 32(b)(2) of the Internal Revenue Code  
 24                   of 1986 is amended—

1 (A) by striking “\$4,220” in the second col-  
2 umn and inserting “\$8,820”, and

3 (B) by striking “\$5,280” in the last col-  
4 umn and inserting “\$10,425”.

5 (2) INFLATION ADJUSTMENTS.—Subparagraph  
6 (B) of section 32(j)(1) of the Internal Revenue Code  
7 of 1986, as amended by this Act, is amended—

8 (A) in clause (i)—

9 (i) by inserting “(except as provided  
10 in clause (iii))” after “(b)(2)(A)”, and

11 (ii) by striking “and” at the end, and

12 (B) by adding at the end the following new  
13 clause:

14 “(iii) in the case of the \$8,820 and  
15 \$10,4250 amount in the table in sub-  
16 section (b)(2)(A), by substituting ‘calendar  
17 year 2012’ for ‘calendar year 1992’ in sub-  
18 paragraph (B) of such section 1.”.

19 (b) CREDIT INCREASE AND REDUCTION IN PHASE-  
20 OUT FOR INDIVIDUALS WITH NO CHILDREN.—The table  
21 contained in section 32(b)(1)(A) of the Internal Revenue  
22 Code of 1986 is amended—

23 (1) by striking “7.65” in the second column of  
24 the third row and inserting “15.3”, and

1           (2) by striking “7.65” in the third column of  
2           the third row and inserting “15.3”.

3           (c) CREDIT ALLOWED FOR CERTAIN CHILDLESS IN-  
4           DIVIDUALS OVER AGE 21.—Subclause (II) of section  
5           32(c)(1)(A)(ii) of the Internal Revenue Code of 1986 (re-  
6           lating to eligible individual) is amended by striking “age  
7           25” and inserting “age 21”.

8           (d) EFFECTIVE DATES.—The amendments made by  
9           this section shall apply to taxable years beginning after  
10          December 31, 2012.

11       **SEC. 5. SIMPLIFYING THE EARNED INCOME TAX CREDIT.**

12          (a) MODIFICATION OF ABANDONED SPOUSE RULE.—

13               (1) IN GENERAL.—Section 32(c)(1) of the In-  
14               ternal Revenue Code of 1986 (relating to eligible in-  
15               dividual) is amended by adding at the end the fol-  
16               lowing new paragraph:

17                       “(G) CERTAIN MARRIED INDIVIDUALS LIV-  
18                       ING APART.—For purposes of this section, an  
19                       individual who—

20                               “(i) is married (within the meaning of  
21                               section 7703(a)) and files a separate re-  
22                               turn for the taxable year,

23                               “(ii) lives with a qualifying child of  
24                               the individual for more than one-half of  
25                               such taxable year, and

1           “(iii)(I) during the last 6 months of  
2           such taxable year, does not have the same  
3           principal place of abode as the individual’s  
4           spouse, or

5           “(II) has a legally binding separation  
6           agreement with the individual’s spouse and  
7           is not a member of the same household  
8           with the individual’s spouse by the end of  
9           the taxable year,

10          shall not be considered as married.”.

11          (2) CONFORMING AMENDMENTS.—

12                 (A) The last sentence of section  
13                 32(c)(1)(A) of the Internal Revenue Code of  
14                 1986 is amended by striking “section 7703”  
15                 and inserting “section 7703(a)”.

16                 (B) Section 32(d) of such Code is amended  
17                 by striking “In the case of an individual who is  
18                 married (within the meaning of section 7703)”  
19                 and inserting “In the case of an individual who  
20                 is married (within the meaning of section  
21                 7703(a)) and is not described in subsection  
22                 (c)(1)(G)”.

23          (b) ELIMINATION OF DISQUALIFIED INVESTMENT  
24          INCOME TEST.—

1           (1) IN GENERAL.—Section 32 of the Internal  
2 Revenue Code of 1986 is amended by striking sub-  
3 section (i).

4           (2) CONFORMING AMENDMENTS.—

5           (A) Section 32(j)(1)(B)(i) of such Code, as  
6 amended by this Act, is amended—

7           (i) by striking “subsections” and in-  
8 serting “subsection”, and

9           (ii) by striking “and (i)(1)”.

10          (B) Section 32(j)(2) of such Code is  
11 amended to read as follows:

12          “(2) ROUNDING.—If any dollar amount in sub-  
13 section (b)(2)(A) (after being increased under sub-  
14 paragraph (B) thereof), after being increased under  
15 paragraph (1), is not a multiple of \$10, such  
16 amount shall be rounded to the next nearest mul-  
17 tiple of \$10.”.

18          (c) SIMPLIFICATION OF RULES REGARDING PRES-  
19 ENCE OF QUALIFYING CHILD.—

20          (1) TAXPAYER ELIGIBLE FOR CREDIT FOR  
21 WORKER WITHOUT QUALIFYING CHILD IF QUALI-  
22 FYING CHILD CLAIMED BY ANOTHER MEMBER OF  
23 FAMILY.—Section 32(c)(1) of the Internal Revenue  
24 Code of 1986 (relating to eligible individual), as



1 amended by this Act, is amended by adding at the  
2 end the following new paragraph:

3 “(H) TAXPAYER ELIGIBLE FOR CREDIT  
4 FOR WORKER WITHOUT QUALIFYING CHILD IF  
5 QUALIFYING CHILD CLAIMED BY ANOTHER  
6 MEMBER OF FAMILY.—

7 “(i) GENERAL RULE.—Except as pro-  
8 vided in clause (ii), in the case of 2 or  
9 more eligible individuals who may claim for  
10 such taxable year the same individual as a  
11 qualifying child, if such individual is  
12 claimed as a qualifying child by such an el-  
13 igible individual, then any other such eligi-  
14 ble individual who does not make such a  
15 claim of such child or of any other quali-  
16 fying child may be considered an eligible  
17 individual without a qualifying child for  
18 purposes of the credit allowed under this  
19 section for such taxable year.

20 “(ii) EXCEPTION IF QUALIFYING  
21 CHILD CLAIMED BY PARENT.—If an indi-  
22 vidual is claimed as a qualifying child for  
23 any taxable year by an eligible individual  
24 who is a parent of such child, then no  
25 other custodial parent of such child who

1 does not make such a claim of such child  
2 may be considered an eligible individual  
3 without a qualifying child for purposes of  
4 the credit allowed under this section for  
5 such taxable year.”.

6 (2) TAXPAYER ELIGIBLE FOR CREDIT FOR  
7 WORKER WITHOUT QUALIFYING CHILD IF QUALI-  
8 FYING CHILDREN DO NOT HAVE VALID SOCIAL SECU-  
9 RITY NUMBER.—Subparagraph (F) of section  
10 32(c)(1) of the Internal Revenue Code of 1986 is  
11 amended to read as follows:

12 “(F) INDIVIDUALS WHO DO NOT INCLUDE  
13 TIN, ETC., OF ANY QUALIFYING CHILD.—In the  
14 case of any eligible individual who has one or  
15 more qualifying children, if no qualifying child  
16 of such individual is taken into account under  
17 subsection (b) by reason of paragraph (3)(D),  
18 for purposes of the credit allowed under this  
19 section, such individual may be considered an  
20 eligible individual without a qualifying child.”.

21 (d) EFFECTIVE DATES.—The amendments made by  
22 this section shall apply to taxable years beginning after  
23 December 31, 2012.

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