

105TH CONGRESS  
2D SESSION

# H. R. 3176

To amend the Internal Revenue Code of 1986 to allow all taxpayers who maintain households with dependents a credit for dependents.

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## IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 11, 1998

Mr. FRANKS of New Jersey (for himself and Mr. RYUN) 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 allow all taxpayers who maintain households with dependents a credit for dependents.

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. HOUSEHOLDS WITH DEPENDENTS.**

4       (a) ALLOWANCE OF CREDIT.—Paragraph (1) of sec-  
5       tion 21(a) of the Internal Revenue Code of 1986 (relating  
6       to allowance of credit for expenses for household and de-  
7       pendent care services necessary for gainful employment)  
8       is amended by striking “employment-related expenses (as  
9       defined in subsection (b)(2)) paid by such individual dur-  
10      ing the taxable year” and inserting “allowable amount”.

1 (b) APPLICABLE PERCENTAGE DEFINED.—Para-  
 2 graph (2) of section 21(a) of such Code (relating to appli-  
 3 cable percentage defined) is amended—

4 (1) by striking “30 percent reduced (but not  
 5 below 20 percent)” and inserting “50 percent”, and

6 (2) by striking “\$10,000” and inserting  
 7 “\$30,000”.

8 (c) DEFINITION OF QUALIFYING INDIVIDUAL.—Sub-  
 9 paragraph (A) of section 21(b)(1) of such Code (relating  
 10 to definition of qualifying individual) is amended by strik-  
 11 ing “the age of 13” and inserting “the age of 7”.

12 (d) DOLLAR LIMIT.—Subsection (c) of section 21 of  
 13 such Code is amended to read as follows:

14 “(c) ALLOWABLE AMOUNT.—

15 “(1) IN GENERAL.—The allowable amount  
 16 which may be taken into account under subsection  
 17 (a) is the sum of—

18 “(A) \$200 times the number of months in  
 19 the taxable year of the taxpayer during which  
 20 there is not 1 day on which the taxpayer is  
 21 gainfully employed, plus

22 “(B) the employment-related expenses paid  
 23 by the taxpayer during the taxable year.

24 “(2) LIMITATION.—The amount determined  
 25 under paragraph (1) shall not exceed—

1           “(A) \$2,400 if there is 1 qualifying indi-  
2           vidual with respect to the taxpayer for such tax-  
3           able year, or

4           “(B) \$4,800 if there are 2 or more qualify-  
5           ing individuals with respect to the taxpayer for  
6           such taxable year.

7           “(3) REDUCTION FOR EMPLOYER-PROVIDED  
8           DEPENDENT CARE ASSISTANCE.—The amount deter-  
9           mined under paragraph (1) (after the application of  
10          paragraph (2)) shall be reduced by the aggregate  
11          amount excludable from gross income under section  
12          129 for the taxable year.”

13          (e) SPECIAL DEPENDENCY TEST IN CASE OF DI-  
14          VORCED PARENTS, ETC.—Subparagraph (B) of section  
15          21(e)(5) of such Code (relating to special dependency test  
16          in case of divorced parents, etc.) is amended by striking  
17          “the age of 13” and inserting “the age of 7”.

18          (f) CONFORMING AMENDMENTS.—

19                 (1) The heading for section 21 of such Code is  
20                 amended to read as follows:

21                 **“SEC. 21. HOUSEHOLDS WITH DEPENDENTS.”**

22                 (2) Paragraph (2) of section 21(d) of such Code  
23                 is amended—

1 (A) in subparagraph (A) by striking “sub-  
 2 section (c)(1)” and inserting “subsection  
 3 (c)(2)(A)”, and

4 (B) in subparagraph (B) by striking “sub-  
 5 section (c)(2)” and inserting “subsection  
 6 (c)(2)(B)”.

7 (3) Subparagraph (H) of section 6213(g)(2) of  
 8 such Code is amended by striking “expenses for  
 9 household and dependent care services necessary for  
 10 gainful employment” and inserting “households with  
 11 dependents”.

12 (g) CLERICAL AMENDMENT.—The item relating to  
 13 section 21 in the table of sections for subpart A of part  
 14 IV of subchapter A of chapter 1 of such Code is amended  
 15 to read as follows:

“Sec. 21. Households with dependents.”

16 (h) EFFECTIVE DATE.—The amendments made by  
 17 this section shall apply to taxable years beginning after  
 18 December 31, 1997.

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