

106TH CONGRESS
1ST SESSION

H. R. 3178

To amend the Internal Revenue Code of 1986 to make the dependent care credit refundable and to provide for advance payments of such credit.

IN THE HOUSE OF REPRESENTATIVES

OCTOBER 28, 1999

Mr. PETERSON of Minnesota 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 make the dependent care credit refundable and to provide for advance payments of such credit.

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. DEPENDENT CARE CREDIT MADE REFUND-**
4 **ABLE; ADVANCE PAYMENT OF SUCH CREDIT.**

5 (a) CREDIT TO BE REFUNDABLE.—

6 (1) IN GENERAL.—Section 21 of the Internal
7 Revenue Code of 1986 (relating to expenses for
8 household and dependent care services necessary for
9 gainful employment) is hereby moved to subpart C
10 of part IV of subchapter A of chapter 1 of such

1 Code (relating to refundable credits) and inserted
 2 after section 34.

3 (2) REDESIGNATIONS.—

4 (A) Section 35 of such Code is redesign-
 5 nated as section 36.

6 (B) Section 21 of such Code is redesign-
 7 nated as section 35.

8 (b) ADVANCE PAYMENT OF CREDIT.—Chapter 25 of
 9 such Code (relating to general provisions relating to em-
 10 ployment taxes) is amended by inserting after section
 11 3507 the following:

12 **“SEC. 3507A. ADVANCE PAYMENT OF DEPENDENT CARE**
 13 **CREDIT.**

14 “(a) GENERAL RULE.—Except as otherwise provided
 15 in this section, every employer making payment of wages
 16 with respect to whom a dependent care eligibility certifi-
 17 cate is in effect shall, at the time of paying such wages,
 18 make an additional payment equal to such employee’s de-
 19 pendent care advance amount.

20 “(b) DEPENDENT CARE ELIGIBILITY CERTIFI-
 21 CATE.—For purposes of this title, a dependent care eligi-
 22 bility certificate is a statement furnished by an employee
 23 to the employer which—

1 “(1) certifies that the employee will be eligible
2 to receive the credit provided by section 35 for the
3 taxable year,

4 “(2) certifies that the employee reasonably ex-
5 pects to be an applicable taxpayer for the taxable
6 year,

7 “(3) certifies that the employee does not have
8 a dependent care eligibility certificate in effect for
9 the calendar year with respect to the payment of
10 wages by another employer,

11 “(4) states whether or not the employee’s
12 spouse has a dependent care eligibility certificate in
13 effect,

14 “(5) states the number of qualifying individuals
15 in the household maintained by the employee, and

16 “(6) estimates the amount of employment-re-
17 lated expenses for the calendar year.

18 “(c) DEPENDENT CARE ADVANCE AMOUNT.—

19 “(1) IN GENERAL.—For purposes of this title,
20 the term ‘dependent care advance amount’ means,
21 with respect to any payroll period, the amount
22 determined—

23 “(A) on the basis of the employee’s wages
24 from the employer for such period,

1 “(B) on the basis of the employee’s esti-
 2 mated employment-related expenses included in
 3 the dependent care eligibility certificate, and

4 “(C) in accordance with tables provided by
 5 the Secretary.

6 “(2) ADVANCE AMOUNT TABLES.—The tables
 7 referred to in paragraph (1)(C) shall be similar in
 8 form to the tables prescribed under section 3402
 9 and, to the maximum extent feasible, shall be coordi-
 10 nated with such tables and the tables prescribed
 11 under section 3507(c).

12 “(d) OTHER RULES.—For purposes of this section,
 13 rules similar to the rules of subsections (d) and (e) of sec-
 14 tion 3507 shall apply.

15 “(e) DEFINITIONS.—For purposes of this section,
 16 terms used in this section which are defined in section 35
 17 shall have the respective meanings given such terms by
 18 section 35.”.

19 (c) CONFORMING AMENDMENTS.—

20 (1) Section 35(a)(1) of such Code, as redesign-
 21 nated by subsection (a), is amended by striking
 22 “chapter” and inserting “subtitle”.

23 (2) Section 35(e) of such Code, as so redesign-
 24 nated, is amended by adding at the end the fol-
 25 lowing:

1 “(12) COORDINATION WITH ADVANCE PAY-
2 MENTS AND MINIMUM TAX.—Rules similar to the
3 rules of subsections (g) and (h) of section 32 shall
4 apply for purposes of this section.”.

5 (3) Sections 23(f)(1) and 129(a)(2)(C) of such
6 Code are each amended by striking “section 21(e)”
7 and inserting “section 35(e)”.

8 (4) Section 129(b)(2) of such Code is amended
9 by striking “section 21(d)(2)” and inserting “section
10 35(d)(2)”.

11 (5) Section 129(e)(1) of such Code is amended
12 by striking “section 21(b)(2)” and inserting “section
13 35(b)(2)”.

14 (6) Section 213(e) of such Code is amended by
15 striking “section 21” and inserting “section 35”.

16 (7) Section 995(f)(2)(C) of such Code is
17 amended by striking “and 34” and inserting “34,
18 and 35”.

19 (8) Section 6211(b)(4)(A) of such Code is
20 amended by striking “and 34” and inserting “, 34,
21 and 35”.

22 (9) Section 6213(g)(2)(H) of such Code is
23 amended by striking “section 21” and inserting
24 “section 35”.

1 (10) Section 6213(g)(2)(L) of such Code is
 2 amended by striking “section 21, 24, or 32” and in-
 3 serting “section 24, 32, or 35”.

4 (11) The table of sections for subpart C of part
 5 IV of subchapter A of chapter 1 of such Code is
 6 amended by striking the item relating to section 35
 7 and inserting the following:

 “Sec. 35. Dependent care services.
 “Sec. 36. Overpayments of tax.”.

8 (12) The table of sections for subpart A of such
 9 part IV is amended by striking the item relating to
 10 section 21.

11 (13) The table of sections for chapter 25 of
 12 such Code is amended by adding after the item re-
 13 lating to section 3507 the following:

 “Sec. 3507A. Advance payment of dependent care credit.”.

14 (14) Section 1324(b)(2) of title 31, United
 15 States Code, is amended by inserting before the pe-
 16 riod “, or from section 35 of the Internal Revenue
 17 Code of 1986”.

18 (d) EFFECTIVE DATE.—The amendments made by
 19 this section apply to taxable years beginning after Decem-
 20 ber 31, 1999.

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