

108TH CONGRESS
2D SESSION

H. R. 4748

To amend the Internal Revenue Code of 1986 to modify and make refundable the credit for expenses for household and dependent care services necessary for gainful employment.

IN THE HOUSE OF REPRESENTATIVES

JUNE 25, 2004

Mr. PORTER 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 modify and make refundable the credit for expenses for household and dependent care services necessary for gainful employment.

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. REFUNDABLE CREDIT FOR EXPENSES FOR**
4 **HOUSEHOLD AND DEPENDENT CARE SERV-**
5 **ICES NECESSARY FOR GAINFUL EMPLOY-**
6 **MENT.**

7 (a) \$3,000 PER CHILD LIMIT.—Paragraphs (1) and
8 (2) of section 21(c) of the Internal Revenue Code of 1986

1 (relating to dollar limit on amount creditable) are amend-
 2 ed to read as follows:

3 “(1) \$3,000, multiplied by

4 “(2) the number of qualifying individuals with
 5 respect to the taxpayer for such taxable year.”.

6 (b) MODIFICATION OF ADJUSTED GROSS INCOME
 7 LIMITATION.—

8 (1) IN GENERAL.—Paragraph (2) of section
 9 21(a) of such Code is amended to read as follows:

10 “(2) ADJUSTED GROSS INCOME LIMITATION.—

11 The amount of the credit allowable under paragraph
 12 (1) shall be reduced (but not below zero) by \$50 for
 13 each \$1,000 (or fraction thereof) by which the tax-
 14 payer’s adjusted gross income exceeds \$125,000
 15 (twice such amount in the case of a joint return).”.

16 (2) CONFORMING AMENDMENT.—Section
 17 21(a)(1) of such Code is amended by striking “ap-
 18 plicable percentage” and inserting “35 percent”.

19 (c) INFLATION ADJUSTMENT.—Subsection (e) of sec-
 20 tion 21 of such Code is amended by adding at the end
 21 the following new paragraph:

22 “(11) INFLATION ADJUSTMENT.—In the case of
 23 any taxable year beginning in a calendar year after
 24 2004, the \$125,000 amount contained in subsection
 25 (a)(2) and the \$3,000 amount contained in sub-

1 section (c)(1) shall each be increased by an amount
 2 equal to—

3 “(A) such dollar amount, multiplied by

4 “(B) the cost-of-living adjustment deter-
 5 mined under section 1(f)(3) for the calendar
 6 year in which the taxable year begins, deter-
 7 mined by substituting ‘2003’ for ‘1992’ in sub-
 8 paragraph (B) thereof.

9 Any increase determined under the preceding sen-
 10 tence shall be rounded to the nearest multiple of
 11 \$50.”.

12 (d) CREDIT MADE REFUNDABLE.—

13 (1) CREDIT MOVED TO SUBPART RELATING TO
 14 REFUNDABLE CREDITS.—The Internal Revenue
 15 Code of 1986 is amended—

16 (A) by redesignating section 36 as section
 17 37,

18 (B) by redesignating section 21, as amend-
 19 ed by this Act, as section 36, and

20 (C) by moving section 36 (as so redesign-
 21 ated) from subpart A of part IV of subchapter
 22 A of chapter 1 to the location immediately be-
 23 fore section 37 (as so redesignated) in subpart
 24 C of part IV of subchapter A of chapter 1.

25 (2) CONFORMING AMENDMENTS.—

1 (A) Paragraph (2) of section 1324(b) of
2 title 31, United States Code, is amended by in-
3 serting “or 36” after “section 35”.

4 (B) The table of sections for subpart A of
5 part IV of subchapter A of chapter 1 of the In-
6 ternal Revenue Code of 1986 is amended by
7 striking the item relating to section 21.

8 (C) The table of sections for subpart C of
9 part IV of subchapter A of chapter 1 of the In-
10 ternal Revenue Code of 1986 is amended by
11 striking the last item and inserting the fol-
12 lowing new items:

“Sec. 36. Expenses for household and dependent care services
necessary for gainful employment.”.

“Sec. 37. Overpayments of tax.”.

13 (e) EFFECTIVE DATE.—The amendments made by
14 this section shall apply to taxable years beginning after
15 December 31, 2003.

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