

110TH CONGRESS  
1ST SESSION

# H. R. 4039

To amend the Internal Revenue Code of 1986 to increase, expand the availability of, and repeal the sunset with respect to, the dependent care tax credit.

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## IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 1, 2007

Mr. BARROW 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 increase, expand the availability of, and repeal the sunset with respect to, the dependent care tax 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. SHORT TITLE.**

4 This Act may be cited as the “Child Care Family Tax  
5 Relief Act of 2007”.

6 **SEC. 2. INCREASE AND INFLATION ADJUSTMENT FOR DE-**  
7 **PENDENT CARE CREDIT.**

8 (a) IN GENERAL.—

1           (1) INCREASE.—Paragraph (2) of section 21(a)  
2 of the Internal Revenue Code of 1986 (relating to  
3 expenses for household and dependent care services  
4 necessary for gainful employment) is amended to  
5 read as follows:

6           “(2) APPLICABLE PERCENTAGE.—The term  
7 ‘applicable percentage’ means—

8                   “(A) 40 percent in the case of a taxpayer  
9 whose adjusted gross income is \$70,000 or less,  
10 and

11                   “(B) 20 percent in the case of any other  
12 taxpayer.”.

13           (2) INFLATION ADJUSTMENT.—Section 21 of  
14 such Code is amended by redesignating subsection  
15 (f) as subsection (g) and by inserting after sub-  
16 section (e) the following new subsection:

17           “(f) COST-OF-LIVING ADJUSTMENT.—In the case of  
18 any taxable year beginning in a calendar year after 2007,  
19 the \$70,000 amount contained in subsection (a)(2)(A)  
20 shall be increased by an amount equal to—

21                   “(1) such dollar amount, multiplied by

22                   “(2) the cost-of-living adjustment determined  
23 under section 1(f)(3) for the calendar year in which  
24 the taxable year begins, determined by substituting

1       ‘calendar year 2006’ for ‘calendar year 1992’ in sub-  
2       paragraph (B) thereof.

3 Any increase determined under the preceding sentence  
4 shall be rounded to the nearest multiple of \$1,000.”.

5       (b) EFFECTIVE DATE.—The amendments made by  
6 this section shall apply to taxable years beginning after  
7 December 31, 2006.

8 **SEC. 3. INCREASE IN DEPENDENT CARE CREDIT MADE**  
9                                   **PERMANENT.**

10       Section 901 of the Economic Growth and Tax Relief  
11 Reconciliation Act of 2001 shall not apply to the amend-  
12 ments made by section 204 of such Act (relating to de-  
13 pendent care credit).

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