

111TH CONGRESS  
1ST SESSION

# H. R. 2839

To amend the Internal Revenue Code of 1986 to make residents of Puerto Rico eligible for the earned income tax credit.

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## IN THE HOUSE OF REPRESENTATIVES

JUNE 11, 2009

Mr. PASCRELL (for himself, Mr. PIERLUISI, Mr. CROWLEY, Mrs. MALONEY, Mr. SIRES, Mr. MICA, and Mr. TOWNS) 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 make residents of Puerto Rico eligible for the earned income 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 “Puerto Rico Work and  
5 Empowerment Act of 2009”.

1 **SEC. 2. PUERTO RICO RESIDENTS ELIGIBLE FOR EARNED**  
 2 **INCOME TAX CREDIT.**

3 (a) IN GENERAL.—Section 32 of the Internal Rev-  
 4 enue Code of 1986 (relating to earned income) is amended  
 5 by adding at the end the following new subsection:

6 “(n) RESIDENTS OF PUERTO RICO.—

7 “(1) IN GENERAL.—In the case of residents of  
 8 Puerto Rico—

9 “(A) the United States shall be treated as  
 10 including Puerto Rico for purposes of sub-  
 11 sections (c)(1)(A)(ii)(I) and (c)(3)(C),

12 “(B) subsection (c)(1)(D) shall not apply  
 13 to nonresident alien individuals who are resi-  
 14 dents of Puerto Rico, and

15 “(C) adjusted gross income and gross in-  
 16 come shall be computed without regard to sec-  
 17 tion 933 for purposes of subsections (a)(2)(B)  
 18 and (c)(2)(A)(i).

19 “(2) LIMITATION ON CREDIT.—

20 “(A) IN GENERAL.—The credit allowed  
 21 under this section by reason of this subsection  
 22 for any taxable year shall not exceed the tax-  
 23 payer’s social security taxes for such year.

24 “(B) SOCIAL SECURITY TAXES.—For pur-  
 25 poses of subparagraph (A)—

1 “(i) IN GENERAL.—The term ‘social  
2 security taxes’ means, with respect to any  
3 taxpayer for any taxable year—

4 “(I) the amount of the taxes im-  
5 posed by sections 3101 and 3201(a)  
6 on amounts received by the taxpayer  
7 during the calendar year in which the  
8 taxable year begins,

9 “(II) the amount of the taxes im-  
10 posed on employers by section 3111  
11 and 3221(a) on amounts received by  
12 the taxpayer during the calendar year  
13 which the taxable year begins,

14 “(III) the amount of the taxes  
15 imposed by section 1401 on the self-  
16 employment income of the taxpayer  
17 for the taxable year, and

18 “(IV) the amount of the taxes  
19 imposed by section 3211(a) on  
20 amounts received by the taxpayer dur-  
21 ing the calendar year in which the  
22 taxable year begins.

23 “(ii) COORDINATION WITH SPECIAL  
24 REFUND OF SOCIAL SECURITY TAXES.—  
25 The term ‘social security taxes’ shall not

1 include any taxes to the extent the tax-  
2 payer is entitled to a special refund of such  
3 taxes under section 6413(c).

4 “(iii) SPECIAL RULE.—Any amounts  
5 paid pursuant to an agreement under sec-  
6 tion 3121(l) (relating to agreements en-  
7 tered into by American employers with re-  
8 spect to foreign affiliates) which are equiv-  
9 alent to the taxes imposed by sections  
10 3101 and 3111 shall be treated as such  
11 taxes for purpose of clause (i).”.

12 (b) CHILD TAX CREDIT NOT REDUCED.—Subclause  
13 (II) of section 24(d)(1)(B)(ii) of such Code (relating to  
14 child tax credit) is amended by inserting before the period  
15 “(determined without regard to section 32(n) in the case  
16 of residents of Puerto Rico)”.

17 (c) EFFECTIVE DATE.—The amendments made by  
18 this section shall apply to taxable years beginning after  
19 December 31, 2009.

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