

111TH CONGRESS
1ST SESSION

S. 1290

To amend the Internal Revenue Code of 1986 to expand the income tax deduction for dependent care to include part-time students for purposes of calculating earned income under the credit.

IN THE SENATE OF THE UNITED STATES

JUNE 18, 2009

Mrs. GILLIBRAND introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to expand the income tax deduction for dependent care to include part-time students for purposes of calculating earned income under the 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. EXPANSION OF DEPENDENT CARE CREDIT.**

4 (a) IN GENERAL.—Paragraph (7) of section 21(e) of
5 the Internal Revenue Code of 1986 is amended to read
6 as follows:

7 “(7) STUDENT.—

1 “(A) IN GENERAL.—The term ‘student’
 2 means an individual who during each of 5 cal-
 3 endar months during the taxable year is—

4 “(i) a full-time student, or

5 “(ii) an eligible part-time student,
 6 at an educational organization.

7 “(B) ELIGIBLE PART-TIME STUDENT.—

8 The term ‘eligible part-time student’, with re-
 9 spect to any calendar month, means an indi-
 10 vidual who is enrolled during such month in at
 11 least $\frac{1}{2}$ of the credit hours in which a full-time
 12 student in such individual’s degree program
 13 would be enrolled during a comparable month.

14 “(C) SPECIAL RULE.—In the case of an el-
 15 igible part-time student, with respect to any
 16 calendar month—

17 “(i) IN GENERAL.—Each of the dollar
 18 amounts in subsection (d)(2) shall be re-
 19 duced by the amount that bears the same
 20 ratio to such dollar amount as such stu-
 21 dent’s applicable credit reduction amount
 22 bears to the number of credit hours in
 23 which a full-time student in such individ-
 24 ual’s degree program would be enrolled
 25 during a comparable month.

1 “(ii) APPLICABLE CREDIT REDUCTION
 2 AMOUNT.—The applicable credit reduction
 3 amount is the amount that is the excess
 4 of—

5 “(I) the number of credit hours
 6 in which a full-time student in the in-
 7 dividual’s degree program would be
 8 enrolled during a comparable month,
 9 over

10 “(II) the number of credit hours
 11 in which the individual is enrolled
 12 during such month.”.

13 (b) CONFORMING AMENDMENT.—Paragraph (2) of
 14 section 21(d) of the Internal Revenue Code of 1986 is
 15 amended by inserting “(or an eligible part-time student,
 16 subject to the rule under subsection (e)(7)(C))” after “a
 17 full-time student”.

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

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