

116TH CONGRESS
1ST SESSION

H. R. 2806

To amend the Internal Revenue Code of 1986 to treat certain scholarships and fellowship grants as earned income for purposes of the kiddie tax.

IN THE HOUSE OF REPRESENTATIVES

MAY 16, 2019

Mr. HORSFORD 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 treat certain scholarships and fellowship grants as earned income for purposes of the kiddie tax.

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. CERTAIN SCHOLARSHIPS AND FELLOWSHIP**
4 **GRANTS TREATED AS EARNED INCOME FOR**
5 **KIDDIE TAX.**

6 (a) IN GENERAL.—Section 1(g)(4)(C) of the Internal
7 Revenue Code of 1986 is amended to read as follows:

8 “(C) TREATMENT OF CERTAIN AMOUNTS
9 AS EARNED INCOME.—For purposes of this sub-
10 section, each of following amounts shall be

1 treated as earned income of the child referred
 2 to in paragraph (1) to the extent included in
 3 the gross income of such child:

4 “(i) DISTRIBUTIONS FROM QUALIFIED
 5 DISABILITY TRUSTS.—Any amount in-
 6 cluded in the gross income of such child
 7 under section 652 or 662 by reason of
 8 being a beneficiary of a qualified disability
 9 trust (as defined in section
 10 642(b)(2)(C)(ii)).

11 “(ii) CERTAIN SCHOLARSHIPS OR FEL-
 12 LOWSHIP GRANTS.—Any scholarship or fel-
 13 lowship grant which is received by such
 14 child if—

15 “(I) such child is a candidate for
 16 a degree at an educational organiza-
 17 tion described in section
 18 170(b)(1)(A)(ii), and

19 “(II) such scholarship or grant
 20 supports such candidacy.”.

21 (b) APPLICATION TO ALTERNATIVE MINIMUM
 22 TAX.—Section 59(j)(1)(A) of such Code is amended by
 23 inserting “and including amounts treated as earned in-
 24 come under section 1(g)(4)(C)” after “section 911(d)(2)”.

1 (c) EFFECTIVE DATE.—The amendment made by
2 this section shall apply to taxable years beginning after
3 December 31, 2017.

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