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111TH CONGRESS
1ST SESSION

H. R. 1369

To amend the Internal Revenue Code of 1986 to expand and improve the dependent care tax credit.

IN THE HOUSE OF REPRESENTATIVES

MARCH 5, 2009

Mr. WEINER 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 expand and improve the dependent care tax credit.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. EXPANSION AND IMPROVEMENT OF DEPENDENT CARE TAX CREDIT.

(a) INCREASE IN DOLLAR LIMIT ON AMOUNT OF EMPLOYMENT-RELATED EXPENSES WHICH ARE CREDITABLE.—Subsection (c) of section 21 of the Internal Revenue Code of 1986 is amended—

(1) by striking "$3,000" in paragraph (1) and inserting "$6,000 ($9,000 in the case of a taxpayer

whose adjusted gross income is less than $30,000)'', and

(2) by striking ''$6,000'' in paragraph (2) and inserting ''$12,000 ($18,000 in the case of a taxpayer whose adjusted gross income is less than $30,000)''.

(b) REPEAL OF REQUIREMENT THAT DEPENDENT AND TAXPAYER SHARE THE SAME PLACE OF ABODE.—

(1) IN GENERAL.—Paragraph (1) of section 21(b) of such Code is amended—

(A) by inserting ''(determined without regard to section 152(c)(1)(B))'' after ''section 152(a)(1)'' in subparagraph (A), and

(B) by striking ''and who has the same principal place of abode as the taxpayer for more than one-half of such taxable year'' in subparagraphs (B) and (C).

(2) EXPENSES FOR CARE OF DEPENDENT OUTSIDE OF HOME TAKEN INTO ACCOUNT.—

(A) IN GENERAL.—Paragraph (2) of section 21(b) of such Code is amended by striking subparagraph (B) and by redesignating subparagraphs (C) and (D) as subparagraphs (B) and (C), respectively.

(B) CONFORMING AMENDMENT.—Subparagraph (B) of section 21(b)(2) of such Code, as redesignated by subparagraph (A), is amended by striking ''a dependent care center'' and all that follows and inserting ''a dependent care center shall be taken into account only if such center complies with all applicable laws and regulations of a State or unit of local government.''.

(c) RETIREES MADE ELIGIBLE FOR CREDIT.—Subsection (f) of section 21 of such Code is amended—

(1) by striking ''The Secretary'' and inserting the following:

''(1) IN GENERAL.—The Secretary'', and

(2) by adding at the end the following new paragraph:

''(2) ELIGIBILITY OF RETIREES FOR CREDIT.—The Secretary shall prescribe regulations under which retirees may be eligible for the credit provided under this section. Such regulations may deem such retirees to be gainfully employed and to have earned income, to such extent and in such amounts as the Secretary determines appropriate, for purposes of this section.''.

(d) CREDIT MADE REFUNDABLE.—

(1) IN GENERAL.—Part IV of subchapter A of chapter 1 of such Code is amended—

(A) by moving section 21, as otherwise amended by this section, after section 36, and

(B) by redesignating such section 21 as section 36A.

(2) CONFORMING AMENDMENTS.—

(A) Paragraph (2) of section 1324(b) of title 31, United States Code, is amended by inserting "36A," after "36,".

(B) The table of sections for subpart A of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 is amended by striking the item relating to section 21.

(C) The table of sections for subpart C of such part is amended by inserting after the item relating to section 36 the following new item:

"Sec. 36A. Expenses for household and dependent care services necessary for gainful employment.".

(e) CERTAIN PRIOR IMPROVEMENTS TO CREDIT MADE PERMANENT.—Section 901 of the Economic Growth and Tax Relief Reconciliation Act of 2001 shall not apply to the amendments made by section 204 of such Act.

(f) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after the date of the enactment of this Act.

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