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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.

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.

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

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Puerto Rico Work and Empowerment Act of 2009''.

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

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

"(n) RESIDENTS OF PUERTO RICO.—

"(1) IN GENERAL.—In the case of residents of Puerto Rico—

"(A) the United States shall be treated as including Puerto Rico for purposes of subsections (c)(1)(A)(ii)(I) and (c)(3)(C),

"(B) subsection (c)(1)(D) shall not apply to nonresident alien individuals who are residents of Puerto Rico, and

"(C) adjusted gross income and gross income shall be computed without regard to section 933 for purposes of subsections (a)(2)(B) and (c)(2)(A)(i).

"(2) LIMITATION ON CREDIT.—

"(A) IN GENERAL.—The credit allowed under this section by reason of this subsection for any taxable year shall not exceed the taxpayer's social security taxes for such year.

"(B) SOCIAL SECURITY TAXES.—For purposes of subparagraph (A)—

"(i) IN GENERAL.—The term 'social security taxes' means, with respect to any taxpayer for any taxable year—

"(I) the amount of the taxes imposed by sections 3101 and 3201(a) on amounts received by the taxpayer during the calendar year in which the taxable year begins,

"(II) the amount of the taxes imposed on employers by section 3111 and 3221(a) on amounts received by the taxpayer during the calendar year which the taxable year begins,

"(III) the amount of the taxes imposed by section 1401 on the self-employment income of the taxpayer for the taxable year, and

"(IV) the amount of the taxes imposed by section 3211(a) on amounts received by the taxpayer during the calendar year in which the taxable year begins.

"(ii) COORDINATION WITH SPECIAL REFUND OF SOCIAL SECURITY TAXES.—The term 'social security taxes' shall not

include any taxes to the extent the taxpayer is entitled to a special refund of such taxes under section 6413(c).

"(iii) SPECIAL RULE.—Any amounts paid pursuant to an agreement under section 3121(l) (relating to agreements entered into by American employers with respect to foreign affiliates) which are equivalent to the taxes imposed by sections 3101 and 3111 shall be treated as such taxes for purpose of clause (i).".

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

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

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