AUTHENTICATED
U.S. GOVERNMENT
INFORMATION
GPO

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.

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

SECTION 1. EXPANSION OF DEPENDENT CARE CREDIT.

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

"(7) STUDENT.—

"(A) IN GENERAL.—The term 'student' means an individual who during each of 5 calendar months during the taxable year is—

"(i) a full-time student, or

"(ii) an eligible part-time student,

at an educational organization.

"(B) ELIGIBLE PART-TIME STUDENT.—The term 'eligible part-time student', with respect to any calendar month, means an individual who is enrolled during such month in at least ½ of the credit hours in which a full-time student in such individual's degree program would be enrolled during a comparable month.

"(C) SPECIAL RULE.—In the case of an eligible part-time student, with respect to any calendar month—

"(i) IN GENERAL.—Each of the dollar amounts in subsection (d)(2) shall be reduced by the amount that bears the same ratio to such dollar amount as such student's applicable credit reduction amount bears to the number of credit hours in which a full-time student in such individual's degree program would be enrolled during a comparable month.

"(ii) APPLICABLE CREDIT REDUCTION AMOUNT.—The applicable credit reduction amount is the amount that is the excess of—

"(I) the number of credit hours in which a full-time student in the individual's degree program would be enrolled during a comparable month, over

"(II) the number of credit hours in which the individual is enrolled during such month.".

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

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

○