

105TH CONGRESS
2D SESSION

H. R. 4489

To amend the Internal Revenue Code of 1986 to simplify the \$500 per child tax credit and other individual nonrefundable credits by repealing the complex limitations on the allowance of those credits resulting from their interaction with the alternative minimum tax.

IN THE HOUSE OF REPRESENTATIVES

AUGUST 6, 1998

Mr. NEAL of Massachusetts (for himself, Mrs. KENNELLY of Connecticut, Mr. MATSUI, Mr. STARK, Mrs. THURMAN, and Ms. LEE) 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 simplify the \$500 per child tax credit and other individual nonrefundable credits by repealing the complex limitations on the allowance of those credits resulting from their interaction with the alternative minimum 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. SIMPLIFICATION OF \$500 PER CHILD FAMILY**
4 **CREDIT.**

5 (a) ALLOWANCE OF PERSONAL NONREFUNDABLE
6 CREDITS AGAINST MINIMUM TAX.—Subsection (a) of sec-
7 tion 26 of the Internal Revenue Code of 1986 (relating

1 to limitation based on amount of tax) is amended to read
2 as follows:

3 “(a) LIMITATION BASED ON AMOUNT OF TAX.—The
4 aggregate amount of credits allowed by this subpart for
5 the taxable year shall not exceed the sum of—

6 “(1) the taxpayer’s regular tax liability for the
7 taxable year, and

8 “(2) the tax imposed for the taxable year by
9 section 55(a).”.

10 (b) SIMPLIFICATION OF PARTIALLY REFUNDABLE
11 CREDIT.—

12 (1) Subsection (d) of section 24 of such Code
13 (as amended by the Internal Revenue Service Re-
14 structuring and Reform Act of 1998) is amended by
15 striking paragraph (2) and redesignating paragraph
16 (3) as paragraph (2).

17 (2) Section 32 of such Code (as amended by the
18 Internal Revenue Service Restructuring and Reform
19 Act of 1998) is amended by striking subsection (n).

20 (c) REDUCTION IN INCOME THRESHOLD AMOUNT
21 FOR PHASEOUT OF CHILD TAX CREDIT.—Paragraph (2)
22 of section 24(b) of such Code (relating to threshold
23 amount) is amended—

24 (1) in subparagraph (A) by striking
25 “\$110,000” and inserting “\$89,000”,

1 (2) in subparagraph (B) by striking “\$75,000”
2 and inserting “\$60,000”, and

3 (3) in subparagraph (C) by striking “\$55,000”
4 and inserting “\$44,500”.

5 (d) **EFFECTIVE DATE.**—The amendments made by
6 this section shall apply to taxable years beginning after
7 December 31, 1998.

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