

108TH CONGRESS  
1ST SESSION

# H. R. 2718

To amend the Internal Revenue Code of 1986 to provide a uniform definition of child, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

JULY 14, 2003

Mr. BROWN of Ohio 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 provide a uniform definition of child, and for other purposes.

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. SHORT TITLE; PURPOSE.**

4       (a) **SHORT TITLE.**—This Act may be cited as the  
5       “Child Tax Fairness Act of 2003”.

6       (b) **PURPOSE.**—The purposes of the Act are to imple-  
7       ment the recommendation of the National Taxpayer Advo-  
8       cate, simplify the tax code, and promote fairness for all  
9       children by establishing a uniform definition of the term  
10      qualifying child.

1   **TITLE I—UNIFORM DEFINITION**  
2                   **OF CHILD**

3   **SEC. 101. UNIFORM DEFINITION OF CHILD, ETC.**

4       Section 152 of the Internal Revenue Code of 1986  
5 is amended to read as follows:

6   **“SEC. 152. DEPENDENT DEFINED.**

7       “(a) IN GENERAL.—For purposes of this subtitle, the  
8 term ‘dependent’ means—

9           “(1) a qualifying child, or

10          “(2) a qualifying relative.

11       “(b) EXCEPTIONS.—For purposes of this section—

12           “(1) DEPENDENTS INELIGIBLE.—If an indi-  
13 vidual is a dependent of a taxpayer for any taxable  
14 year of such taxpayer beginning in a calendar year,  
15 such individual shall be treated as having no depend-  
16 ents for any taxable year of such individual begin-  
17 ning in such calendar year.

18           “(2) MARRIED DEPENDENTS.—An individual  
19 shall not be treated as a dependent of a taxpayer  
20 under subsection (a) if such individual has made a  
21 joint return with the individual’s spouse under sec-  
22 tion 6013 for the taxable year beginning in the cal-  
23 endar year in which the taxable year of the taxpayer  
24 begins.

1           “(3) CITIZENS OR NATIONALS OF OTHER COUN-  
2       TRIES.—

3           “(A) IN GENERAL.—The term ‘dependent’  
4       does not include an individual who is not a cit-  
5       izen or national of the United States unless  
6       such individual is a resident of the United  
7       States or a country contiguous to the United  
8       States.

9           “(B) EXCEPTION FOR ADOPTED CHILD.—  
10       Subparagraph (A) shall not exclude any child of  
11       a taxpayer (within the meaning of subsection  
12       (f)(1)(B)) from the definition of ‘dependent’  
13       if—

14               “(i) for the taxable year of the tax-  
15               payer, the child’s principal place of abode  
16               is the home of the taxpayer, and

17               “(ii) the taxpayer is a citizen or na-  
18               tional of the United States.

19       “(c) QUALIFYING CHILD.—For purposes of this sec-  
20       tion—

21           “(1) IN GENERAL.—The term ‘qualifying child’  
22       means, with respect to any taxpayer for any taxable  
23       year, an individual—

24               “(A) who bears a relationship to the tax-  
25       payer described in paragraph (2),

1 “(B) who has the same principal place of  
2 abode as the taxpayer for more than one-half of  
3 such taxable year,

4 “(C) who meets the age requirements of  
5 paragraph (3), and

6 “(D) who has not provided over one-half of  
7 such individual’s own support for the calendar  
8 year in which the taxable year of the taxpayer  
9 begins.

10 “(2) RELATIONSHIP TEST.—For purposes of  
11 paragraph (1)(A), an individual bears a relationship  
12 to the taxpayer described in this paragraph if such  
13 individual is—

14 “(A) a child of the taxpayer or a descend-  
15 ant of such a child, or

16 “(B) a brother, sister, stepbrother, or step-  
17 sister of the taxpayer or a descendant of any  
18 such relative, who the taxpayer cares for as the  
19 taxpayer’s own child.

20 “(3) AGE REQUIREMENTS.—

21 “(A) IN GENERAL.—For purposes of para-  
22 graph (1)(C), an individual meets the require-  
23 ments of this paragraph if such individual—

1 “(i) has not attained the age of 19 as  
2 of the close of the calendar year in which  
3 the taxable year of the taxpayer begins, or

4 “(ii) is a student who has not attained  
5 the age of 24 as of the close of such cal-  
6 endar year.

7 “(B) SPECIAL RULE FOR DISABLED.—In  
8 the case of an individual who is permanently  
9 and totally disabled (as defined in section  
10 22(e)(3)) at any time during such calendar  
11 year, the requirements of subparagraph (A)  
12 shall be treated as met with respect to such in-  
13 dividual.

14 “(4) SPECIAL RULE RELATING TO 2 OR MORE  
15 CLAIMING QUALIFYING CHILD.—

16 “(A) IN GENERAL.—Except as provided in  
17 subparagraph (B) and subsection (e), if (but for  
18 this paragraph) an individual may be claimed  
19 as a qualifying child by 2 or more taxpayers for  
20 a taxable year beginning in the same calendar  
21 year, such individual shall be treated as the  
22 qualifying child of the taxpayer who is—

23 “(i) a parent of the individual, or

1 “(ii) if clause (i) does not apply, the  
 2 taxpayer with the highest adjusted gross  
 3 income for such taxable year.

4 “(B) MORE THAN 1 PARENT CLAIMING  
 5 QUALIFYING CHILD.—If the parents claiming  
 6 any qualifying child do not file a joint return  
 7 together, such child shall be treated as the  
 8 qualifying child of—

9 “(i) the parent with whom the child  
 10 resided for the longest period of time dur-  
 11 ing the taxable year, or

12 “(ii) if the child resides with both par-  
 13 ents for the same amount of time during  
 14 such taxable year, the parent with the  
 15 highest adjusted gross income.

16 “(d) QUALIFYING RELATIVE.—For purposes of this  
 17 section—

18 “(1) IN GENERAL.—The term ‘qualifying rel-  
 19 ative’ means, with respect to any taxpayer for any  
 20 taxable year, an individual—

21 “(A) who bears a relationship to the tax-  
 22 payer described in paragraph (2),

23 “(B) whose gross income for the calendar  
 24 year in which such taxable year begins is less

1           than the exemption amount (as defined in sec-  
2           tion 151(d)),

3           “(C) with respect to whom the taxpayer  
4           provides over one-half of the individual’s sup-  
5           port for the calendar year in which such taxable  
6           year begins, and

7           “(D) who is not a qualifying child of such  
8           taxpayer for any taxable year beginning in the  
9           calendar year in which such taxable year be-  
10          gins.

11          “(2) RELATIONSHIP.—For purposes of para-  
12          graph (1)(A), an individual bears a relationship to  
13          the taxpayer described in this paragraph if the indi-  
14          vidual is any of the following with respect to the tax-  
15          payer:

16               “(A) A child or a descendant of a child.

17               “(B) A brother, sister, stepbrother, or  
18               stepsister.

19               “(C) The father or mother, or an ancestor  
20               of either.

21               “(D) A stepfather or stepmother.

22               “(E) A son or daughter of a brother or sis-  
23               ter of the taxpayer.

24               “(F) A brother or sister of the father or  
25               mother of the taxpayer.

1           “(G) A son-in-law, daughter-in-law, father-  
2           in-law, mother-in-law, brother-in-law, or sister-  
3           in-law.

4           “(H) An individual (other than an indi-  
5           vidual who at any time during the taxable year  
6           was the spouse, determined without regard to  
7           section 7703, of the taxpayer) who, for the tax-  
8           able year of the taxpayer, has as such individ-  
9           ual’s principal place of abode the home of the  
10          taxpayer and is a member of the taxpayer’s  
11          household.

12          “(3) SPECIAL RULE RELATING TO MULTIPLE  
13          SUPPORT AGREEMENTS.—For purposes of paragraph  
14          (1)(C), over one-half of the support of an individual  
15          for a calendar year shall be treated as received from  
16          the taxpayer if—

17               “(A) no one person contributed over one-  
18               half of such support,

19               “(B) over one-half of such support was re-  
20               ceived from 2 or more persons each of whom,  
21               but for the fact that any such person alone did  
22               not contribute over one-half of such support,  
23               would have been entitled to claim such indi-  
24               vidual as a dependent for a taxable year begin-  
25               ning in such calendar year,



1           “(C) the taxpayer contributed over 10 per-  
2           cent of such support, and

3           “(D) each person described in subpara-  
4           graph (B) (other than the taxpayer) who con-  
5           tributed over 10 percent of such support files a  
6           written declaration (in such manner and form  
7           as the Secretary may by regulations prescribe)  
8           that such person will not claim such individual  
9           as a dependent for any taxable year beginning  
10          in such calendar year.

11          “(4) SPECIAL RULE RELATING TO INCOME OF  
12          HANDICAPPED DEPENDENTS.—

13                 “(A) IN GENERAL.—For purposes of para-  
14                 graph (1)(B), the gross income of an individual  
15                 who is permanently and totally disabled (as de-  
16                 fined in section 22(e)(3)) at any time during  
17                 the taxable year shall not include income attrib-  
18                 utable to services performed by the individual  
19                 at a sheltered workshop if—

20                         “(i) the availability of medical care at  
21                         such workshop is the principal reason for  
22                         the individual’s presence there, and

23                         “(ii) the income arises solely from ac-  
24                         tivities at such workshop which are inci-  
25                         dent to such medical care.

1 “(B) SHELTERED WORKSHOP DEFINED.—

2 For purposes of subparagraph (A), the term

3 ‘sheltered workshop’ means a school—

4 “(i) which provides special instruction

5 or training designed to alleviate the dis-

6 ability of the individual, and

7 “(ii) which is operated by an organi-

8 zation described in section 501(c)(3) and

9 exempt from tax under section 501(a), or

10 by a State, a possession of the United

11 States, any political subdivision of any of

12 the foregoing, the United States, or the

13 District of Columbia.

14 “(5) SPECIAL SUPPORT TEST IN CASE OF STU-

15 DENTS.—For purposes of paragraph (1)(C), in the

16 case of an individual who is—

17 “(A) a child of the taxpayer, and

18 “(B) a student,

19 amounts received as scholarships for study at an

20 educational organization described in section

21 170(b)(1)(A)(ii) shall not be taken into account in

22 determining whether such individual received more

23 than one-half of such individual’s support from the

24 taxpayer.

1           “(6) SPECIAL RULES FOR SUPPORT.—For pur-  
2       poses of this subsection—

3           “(A) payments to a spouse which are in-  
4       cludible in the gross income of such spouse  
5       under section 71 or 682 shall not be treated as  
6       a payment by the payor spouse for the support  
7       of any dependent,

8           “(B) amounts expended for the support of  
9       a child or children shall be treated as received  
10      from the noncustodial parent (as defined in  
11      subsection (e)(3)(B)) to the extent that such  
12      parent provided amounts for such support, and

13          “(C) in the case of the remarriage of a  
14      parent, support of a child received from the  
15      parent’s spouse shall be treated as received  
16      from the parent.

17      “(e) SPECIAL RULE FOR CERTAIN PRE-2005 IN-  
18      STRUMENTS.—

19          “(1) IN GENERAL.—Notwithstanding subsection  
20      (c)(4) or subsection (d)(1)(C), a child who has par-  
21      ents who—

22          “(A) are divorced or legally separated  
23      under a decree of divorce or separate mainte-  
24      nance,

1           “(B) are separated under a written separa-  
2           tion agreement, or

3           “(C) live apart at all times during the last  
4           6 months of the calendar year, shall be treated  
5           as being the qualifying child of the noncustodial  
6           parent for a calendar year if the requirements  
7           of subparagraph (B) are met.

8           “(2) REQUIREMENTS.—For purposes of sub-  
9           paragraph (A), the requirements of this subpara-  
10          graph are met if—

11           “(A) such child would, but for this para-  
12           graph, be the qualifying child of the custodial  
13           parent, and

14           “(B) a qualified pre-2005 instrument be-  
15           tween the parents is applicable to such child for  
16           the taxable year beginning in such calendar  
17           year.

18           In the case of an agreement executed before  
19           January 1, 1985, the requirements of this sub-  
20           paragraph are met only if, in addition to meet-  
21           ing the requirements of clauses (i) and (ii), the  
22           noncustodial parent provides at least \$600 for  
23           the support of such child during such calendar  
24           year.

1           “(3) QUALIFIED PRE-2005 INSTRUMENT.—For  
2           purposes of this paragraph, the term ‘qualified pre-  
3           2005 instrument’ means any written declaration re-  
4           ferred to in subsection (e)(2) (as in effect on the day  
5           before the date of the enactment of the Child Tax  
6           Fairness Act of 2003)—

7                   “(A) which is executed before January 1,  
8                   2005, and

9                   “(B) which is not modified on or after  
10                  such date in a modification which expressly pro-  
11                  vides that this subsection shall not apply to  
12                  such declaration.

13           “(4) CUSTODIAL PARENT AND NONCUSTODIAL  
14           PARENT.—For purposes of this subsection—

15                   “(A) CUSTODIAL PARENT.—The term ‘cus-  
16                  todial parent’ means the parent with whom a  
17                  child shared the same principal place of abode  
18                  for the greater portion of the calendar year.

19                   “(B) NONCUSTODIAL PARENT.—The term  
20                  ‘noncustodial parent’ means the parent who is  
21                  not the custodial parent.

22           “(5) EXCEPTION FOR MULTIPLE-SUPPORT  
23           AGREEMENTS.—This subsection shall not apply in  
24           any case where over one-half of the support of the

1 child is treated as having been received from a tax-  
2 payer under the provision of subsection (d)(3).

3 “(f) OTHER DEFINITIONS AND RULES.—For pur-  
4 poses of this section—

5 “(1) CHILD DEFINED.—

6 “(A) IN GENERAL.—The term ‘child’  
7 means an individual who is—

8 “(i) a son, daughter, stepson, or step-  
9 daughter of the taxpayer, or

10 “(ii) an eligible foster child of the tax-  
11 payer.

12 “(B) ADOPTED CHILD.—In determining  
13 whether any of the relationships specified in  
14 subparagraph (A)(i) or paragraph (4) exists, a  
15 legally adopted individual of the taxpayer, or an  
16 individual who is placed with the taxpayer by  
17 an authorized placement agency for adoption by  
18 the taxpayer, shall be treated as a child of such  
19 individual by blood.

20 “(C) ELIGIBLE FOSTER CHILD.—For pur-  
21 poses of subparagraph (A)(ii), the term ‘eligible  
22 foster child’ means an individual who is placed  
23 with the taxpayer by an authorized placement  
24 agency or by judgment, decree, or other order  
25 of any court of competent jurisdiction.

1           “(2) STUDENT DEFINED.—The term ‘student’  
2       means an individual who during each of 5 calendar  
3       months during the calendar year in which the tax-  
4       able year of the taxpayer begins—

5           “(A) is a full-time student at an edu-  
6       cational organization described in section  
7       170(b)(1)(A)(ii), or

8           “(B) is pursuing a full-time course of insti-  
9       tutional on-farm training under the supervision  
10      of an accredited agent of an educational organi-  
11      zation described in section 170(b)(1)(A)(ii) or  
12      of a State or political subdivision of a State.

13          “(3) PLACE OF ABODE.—An individual shall  
14      not be treated as having the same principal place of  
15      abode of the taxpayer if at any time during the tax-  
16      able year of the taxpayer the relationship between  
17      the individual and the taxpayer is in violation of  
18      local law.

19          “(4) BROTHER AND SISTER.—The terms  
20      ‘brother’ and ‘sister’ include a brother or sister by  
21      the half blood.

22          “(5) TREATMENT OF MISSING CHILDREN.—

23           “(A) IN GENERAL.—Solely for the pur-  
24      poses referred to in subparagraph (B), a child  
25      of the taxpayer—

1 “(i) who is presumed by law enforce-  
2 ment authorities to have been kidnapped  
3 by someone who is not a member of the  
4 family of such child or the taxpayer, and

5 “(ii) who had, for the taxable year in  
6 which the kidnapping occurred, the same  
7 principal place of abode as the taxpayer for  
8 more than one-half of the portion of such  
9 year before the date of the kidnapping,  
10 shall be treated as meeting the requirement of  
11 subsection (c)(1)(B) with respect to a taxpayer  
12 for all taxable years ending during the period  
13 that the individual is kidnapped.

14 “(B) PURPOSES.—Subparagraph (A) shall  
15 apply solely for purposes of determining—

16 “(i) the deduction under section  
17 151(c),

18 “(ii) the credit under section 24 (re-  
19 lating to child tax credit),

20 “(iii) whether an individual is a sur-  
21 viving spouse or a head of a household (as  
22 such terms are defined in section 2), and

23 “(iv) the earned income credit under  
24 section 32.



1           “(C) COMPARABLE TREATMENT OF CER-  
2           TAIN QUALIFYING RELATIVES.—For purposes  
3           of this section, a child of the taxpayer—

4                   “(i) who is presumed by law enforce-  
5                   ment authorities to have been kidnapped  
6                   by someone who is not a member of the  
7                   family of such child or the taxpayer, and

8                   “(ii) who was (without regard to this  
9                   paragraph) a qualifying relative of the tax-  
10                  payer for the portion of the taxable year  
11                  before the date of the kidnapping,

12                 shall be treated as a qualifying relative of the  
13                 taxpayer for all taxable years ending during the  
14                 period that the child is kidnapped.

15           “(D) TERMINATION OF TREATMENT.—  
16           Subparagraphs (A) and (C) shall cease to apply  
17           as of the first taxable year of the taxpayer be-  
18           ginning after the calendar year in which there  
19           is a determination that the child is dead (or, if  
20           earlier, in which the child would have attained  
21           age 18).

22           “(6) ATTAINMENT OF AGE.—For purposes of  
23           this section, an individual is deemed to have attained  
24           an age on the anniversary of such individual’s date  
25           of birth.

1 “(7) CROSS REFERENCES.—

“For provision treating child as dependent of both  
parents for purposes of certain provisions, see sec-  
tions 105(b), 132(h)(2)(B), and 213(d)(5).”.

2 **SEC. 102. MODIFICATIONS OF DEPENDENT CARE CREDIT.**

3 (a) IN GENERAL.—Section 21(a)(1) of the Internal  
4 Revenue Code of 1986 is amended by striking “In the case  
5 of an individual who maintains a household which includes  
6 as a member one or more qualifying individuals (as de-  
7 fined in subsection (b)(1))” and inserting “In the case of  
8 an individual for which there are 1 or more qualifying indi-  
9 viduals (as defined in subsection (b)(1)) with respect to  
10 such individual”.

11 (b) QUALIFYING INDIVIDUAL.—Paragraph (1) of sec-  
12 tion 21(b) of the Internal Revenue Code of 1986 is amend-  
13 ed to read as follows:

14 “(1) QUALIFYING INDIVIDUAL.—The term  
15 ‘qualifying individual’ means—

16 “(A) a dependent of the taxpayer (as de-  
17 fined in section 152(a)(1)) who has not attained  
18 age 13, determined without regard to section  
19 152(e),

20 “(B) a dependent of the taxpayer who is  
21 physically or mentally incapable of caring for  
22 himself or herself and who has the same prin-  
23 cipal place of abode as the taxpayer for more  
24 than one-half of such taxable year, or

1           “(C) the spouse of the taxpayer, if the  
 2           spouse is physically or mentally incapable of  
 3           caring for himself or herself and who has the  
 4           same principal place of abode as the taxpayer  
 5           for more than one-half of such taxable year.”.

6           (c) CONFORMING AMENDMENT.—Paragraph (1) of  
 7           section 21(e) of the Internal Revenue Code of 1986 is  
 8           amended to read as follows:

9           “(1) PLACE OF ABODE.—An individual shall  
 10          not be treated as having the same principal place of  
 11          abode of the taxpayer if at any time during the tax-  
 12          able year of the taxpayer the relationship between  
 13          the individual and the taxpayer is in violation of  
 14          local law. ”.

15   **SEC. 103. MODIFICATIONS OF CHILD TAX CREDIT.**

16          (a) IN GENERAL.—Paragraph (1) of section 24(c) of  
 17          the Internal Revenue Code of 1986 is amended to read  
 18          as follows:

19          “(1) IN GENERAL.—The term ‘qualifying child’  
 20          means a qualifying child of the taxpayer (as defined  
 21          in section 152(c)), determined without regard to sec-  
 22          tion 152(e), who has not attained age 17.”.

23          (b) CONFORMING AMENDMENT.—Section 24(c)(2) of  
 24          the Internal Revenue Code of 1986 is amended by striking

1 “the first sentence of section 152(b)(3)” and inserting  
2 “subparagraph (A) of section 152(b)(3)”.

3 **SEC. 104. MODIFICATIONS OF EARNED INCOME CREDIT.**

4 (a) **QUALIFYING CHILD.**—Paragraph (3) of section  
5 32(c) of the Internal Revenue Code of 1986 is amended  
6 to read as follows:

7 “(3) **QUALIFYING CHILD.**—

8 “(A) **IN GENERAL.**—The term ‘qualifying  
9 child’ means a qualifying child of the taxpayer  
10 (as defined in section 152(c), determined with-  
11 out regard to paragraph (1)(D) thereof and sec-  
12 tion 152(e)).

13 “(B) **MARRIED INDIVIDUAL.**—The term  
14 ‘qualifying child’ shall not include an individual  
15 who is married as of the close of the taxpayer’s  
16 taxable year unless the taxpayer is entitled to  
17 a deduction under section 151 for such taxable  
18 year with respect to such individual (or would  
19 be so entitled but for section 152(e)).

20 “(C) **PLACE OF ABODE.**—For purposes of  
21 subparagraph (A), the requirements of section  
22 152(c)(1)(B) shall be met only if the principal  
23 place of abode is in the United States.

24 “(D) **IDENTIFICATION REQUIREMENTS.**—

1 “(i) IN GENERAL.—A qualifying child  
 2 shall not be taken into account under sub-  
 3 section (b) unless the taxpayer includes the  
 4 name, age, and TIN of the qualifying child  
 5 on the return of tax for the taxable year.

6 “(ii) OTHER METHODS.—The Sec-  
 7 retary may prescribe other methods for  
 8 providing the information described in  
 9 clause (i).”.

10 (b) CONFORMING AMENDMENTS.—

11 (1) Section 32(c)(1) of the Internal Revenue  
 12 Code of 1986 is amended by striking subparagraph  
 13 (C) and by redesignating subparagraphs (D), (E),  
 14 (F), and (G) as subparagraphs (C), (D), (E), and  
 15 (F), respectively.

16 (2) Section 32(c)(4) of such Code is amended  
 17 by striking “(3)(E)” and inserting “(3)(C)”.

18 (3) Section 32(m) of such Code is amended by  
 19 striking “subsections (c)(1)(F)” and inserting “sub-  
 20 sections (c)(1)(E)”.

21 **SEC. 105. MODIFICATIONS OF DEDUCTION FOR PERSONAL**  
 22 **EXEMPTION FOR DEPENDENTS.**

23 Subsection (c) of section 151 of the Internal Revenue  
 24 Code of 1986 is amended to read as follows:

1       “(c) ADDITIONAL EXEMPTION FOR DEPENDENTS.—  
 2       An exemption of the exemption amount for each individual  
 3       who is a dependent (as defined in section 152) of the tax-  
 4       payer for the taxable year.”

5       **SEC. 106. TECHNICAL AND CONFORMING AMENDMENTS.**

6               (1) Section 21(e)(5) of the Internal Revenue  
 7       Code of 1986 is amended—

8                       (A) by striking “paragraph (2) or (4) of”  
 9               in subparagraph (A), and

10                      (B) by striking “within the meaning of sec-  
 11               tion 152(e)(1)” and inserting “as defined in  
 12               section 152(e)(3)(A)”.

13               (2) Section 21(e)(6)(B) of such Code is amend-  
 14       ed by striking “section 151(c)(3)” and inserting  
 15       “section 152(f)(1)”.

16               (3) Section 25B(c)(2)(B) of such Code is  
 17       amended by striking “151(c)(4)” and inserting  
 18       “152(f)(2)”.

19               (4)(A) Subparagraphs (A) and (B) of section  
 20       51(i)(1) of such Code are each amended by striking  
 21       “paragraphs (1) through (8) of section 152(a)” both  
 22       places it appears and inserting “subparagraphs (A)  
 23       through (G) of section 152(d)(2)”.

1 (B) Section 51(i)(1)(C) of such Code is amend-  
2 ed by striking “152(a)(9)” and inserting  
3 “152(d)(2)(H)”.

4 (5) Section 72(t)(7)(A)(iii) of such Code is  
5 amended by striking “151(c)(3)” and inserting  
6 “152(f)(1)”.

7 (6) Section 129(c)(2) of such Code is amended  
8 by striking “151(c)(3)” and inserting “152(f)(1)”.

9 (7) The first sentence of section 132(h)(2)(B)  
10 of such Code is amended by striking “151(c)(3)”  
11 and inserting “152(f)(1)”.

12 (8) Section 153 of such Code is amended by  
13 striking paragraph (1) and by redesignating para-  
14 graphs (2), (3), and (4) as paragraphs (1), (2), and  
15 (3), respectively.

16 (9) Section 170(g)(3) of such Code is amended  
17 by striking “paragraphs (1) through (8) of section  
18 152(a)” and inserting “subparagraphs (A) through  
19 (G) of section 152(d)(2)”.

20 (10) The second sentence of section 213(d)(11)  
21 of such Code is amended by striking “paragraphs  
22 (1) through (8) of section 152(a)” and inserting  
23 “subparagraphs (A) through (G) of section  
24 152(d)(2)”.

1           (11) Section 529(e)(2)(B) of such Code is  
2           amended by striking “paragraphs (1) through (8) of  
3           section 152(a)” and inserting “subparagraphs (A)  
4           through (G) of section 152(d)(2)”.

5           (12) Section 2032A(c)(7)(D) of such Code is  
6           amended by striking “section 151(c)(4)” and insert-  
7           ing “section 152(f)(2)”.

8           (13) Section 7701(a)(17) of such Code is  
9           amended by striking “152(b)(4), 682,” and inserting  
10          “682”.

11          (14) Section 7702B(f)(2)(C)(iii) of such Code is  
12          amended by striking “paragraphs (1) through (8) of  
13          section 152(a)” and inserting “subparagraphs (A)  
14          through (G) of section 152(d)(2)”.

15          (15) Section 7703(b)(1) of such Code is amend-  
16          ed—

17                  (A) by striking “151(c)(3)” and inserting  
18                  “152(f)(1)”, and

19                  (B) by striking “paragraph (2) or (4) of”.

20   **SEC. 107. EFFECTIVE DATE.**

21          The amendments made by this title shall apply to tax-  
22   able years beginning after December 31, 2003.



**TITLE II—OTHER  
SIMPLIFICATION PROVISIONS**

**SEC. 201. HEAD OF HOUSEHOLD FILING STATUS REPLACED  
WITH SPECIAL PERSONAL EXEMPTION.**

(a) INCREASED PERSONAL EXEMPTION FOR SINGLE PARENTS, ETC.—Section 151 of the Internal Revenue Code of 1986 is amended by redesignating subsections (d) and (e) as subsection (e) and (f) and by inserting after subsection (c) the following new subsection:

“(d) ADDITIONAL EXEMPTION FOR SINGLE PARENTS, ETC.—

“(1) IN GENERAL.—An exemption of \$3,700 in the case of an individual who—

“(A) is not married at the close of the taxable year,

“(B) is not a surviving spouse, and

“(C)(i) maintains as his home a household which constitutes for more than one-half of such taxable year the principal place of abode, as a member of such household, of—

“(I) a qualifying child, or

“(II) a qualifying relative if the taxpayer is entitled to a deduction for the taxable year for such person under subsection (c), or

1           “(ii) maintains a household which con-  
2           stitutes for such taxable year the principal place  
3           of abode of the father or mother of the tax-  
4           payer, if the taxpayer is entitled to a deduction  
5           for the taxable year for such father or mother  
6           under subsection (c).

7           For purposes of this paragraph, an individual shall  
8           be considered as maintaining a household only if  
9           over half of the cost of maintaining the household  
10          during the taxable year is furnished by such indi-  
11          vidual.

12          “(2) MARITAL STATUS.—Marital status shall be  
13          determined in accordance with section 7703; except  
14          that an individual shall be treated as not married for  
15          purposes of this subsection if at any time during  
16          such year the spouse of such individual is a non-  
17          resident alien.

18          “(3) LIMITATIONS.—Paragraph (1) shall not  
19          apply to any individual—

20                 “(A) if at any time during the taxable year  
21                 he is a nonresident alien, or

22                 “(B) who would not be a dependent for the  
23                 taxable year but for section 152(d)(3).

24          “(4) INFLATION ADJUSTMENT.—

1           “(A) IN GENERAL.—In the case of a tax-  
 2           able year beginning in a calendar year after  
 3           2004, the dollar amount contained in paragraph  
 4           (1) shall be increased by an amount equal to—

5                   “(i) such dollar amount, multiplied by

6                   “(ii) the cost-of-living adjustment de-  
 7                   termined under section 1(f)(3) for the cal-  
 8                   endar year in which the taxable year be-  
 9                   gins, determined by substituting ‘calendar  
 10                  year 2003’ for ‘calendar year 1992’ in sub-  
 11                  paragraph (B) thereof.

12           “(B) ROUNDING.—Any increase deter-  
 13           mined under subparagraph (A) shall be rounded  
 14           to the nearest multiple of \$50.”.

15           (b) REPEAL OF HEAD OF HOUSEHOLD FILING STA-  
 16           TUS.—Subsection (b) of section 1 of such Code (relating  
 17           to heads of household) is repealed.

18           (c) CONFORMING AMENDMENTS.—

19                   (1) Section 1(c) of such Code is amended—

20                           (A) in the heading by striking “SPOUSES  
 21                           AND HEADS OF HOUSEHOLDS).—” and insert-  
 22                           ing “SPOUSES).—”, and

23                           (B) by striking “or the head of a house-  
 24                           hold as defined in section 2(b)”.

1           (2) Section 2 of such Code is amended by strik-  
2           ing subsection (b) and by redesignating subsections  
3           (c), (d), and (e) as subsections (b), (c), and (d), re-  
4           spectively.

5           (3) Section 25B(b) of such Code is amended by  
6           striking the portion of the table related to head of  
7           a household.

8           (4) Section 63(c)(2) of such Code is amended—

9                   (A) by striking subparagraph (B), and

10                   (B) by redesignating subparagraphs (C)  
11                   and (D) as subparagraphs (B) and (C), respec-  
12                   tively.

13           (5) Section 151(c)(6)(B)(iii) of such Code is  
14           amended by striking “or a head of a household (as  
15           such terms are defined in section 2)” and inserting  
16           “(as defined in section 2)”.

17           (6) Section 151(c)(6)(C) of such Code is  
18           amended by striking “, section 2(b)(1)(A),”.

19           (7) Section 151(e)(3)(C) of such Code is  
20           amended—

21                   (A) by striking clause (ii),

22                   (B) in clause (iii), by striking “or head of  
23                   a household”, and

24                   (C) by redesignating clauses (iii) and (iv)  
25                   as clauses (ii) and (iii), respectively.

1           (8) Section 152(f)(5)(B)(iii) of such Code, as  
2       amended by title I, is amended to read as follows:

3                       “(iii) whether an individual is a sur-  
4                       viving spouse (as defined in section 2),  
5                       and”.

6           (9) Section 3402(r)(2)(A) of such Code is  
7       amended by striking “section 63(c)(2)(C)” and in-  
8       serting “section 63(c)(2)(B)”.

9           (10) Section 6012(a)(1)(A) of such Code is  
10      amended—

11                   (A) in clause (i), by striking “is not a head  
12                   of a household (as defined in section 2(b)),”,

13                   (B) by striking clause (ii),

14                   (C) by redesignating clauses (iii) and (iv)  
15                   as clauses (ii) and (iii), respectively, and

16                   (D) in the last sentence, by striking  
17                   “Clause (iv)” and inserting “Clause (iii)” and  
18                   by striking “151(c)” and inserting “151(d)”.

19           (11) Section 6012(a)(1)(B) of such Code is  
20      amended—

21                   (A) by striking “clause (i), (ii), or (iii)”  
22                   and inserting “clause (i) or (ii)”, and

23                   (B) by striking “clause (iv)” and inserting  
24                   “clause (iii)”.

1           (12)(A) Paragraph (6) of section 1(f) of such  
2       Code is amended by striking “151(d)(4)(A)” and in-  
3       serting “151(e)(4)(A)”.

4           (B) Subparagraph (C) of section 642(b)(2) of  
5       such Code is amended by striking “151(d)” and in-  
6       serting “151(e)”.

7           (C) Paragraph (1) of section 3402(f) of such  
8       Code is amended by striking “151(d)(2)” and insert-  
9       ing “151(e)(2)”.

10          (D) Subparagraph (B) of section 3402(r)(2) of  
11       such Code is amended by striking “151(d)” and in-  
12       serting “151(e)”.

13          (E) Clause (ii) of section 6012(a)(1)(D) of such  
14       Code is amended—

15               (i) by striking “151(d)” and inserting  
16               “151(e)”, and

17               (ii) by striking “151(d)(2)” and inserting  
18               “151(e)(2)”.

19          (F) The next to the last sentence of section  
20       6013(b)(3)(A) of such Code is amended by striking  
21       “151(d)” and inserting “151(e)”.

22       (d) EFFECTIVE DATE.—The amendments made by  
23       this section shall apply to taxable years beginning after  
24       December 31, 2003.

1 **SEC. 202. TREATMENT OF GOVERNMENT BENEFITS IN DE-**  
2 **TERMINING SUPPORT AND COST OF MAIN-**  
3 **TAINING HOUSEHOLD.**

4 (a) DEPENDENCY EXEMPTION.—Section 152 of the  
5 Internal Revenue Code of 1986, as amended by title I,  
6 is amended by adding at the end the following new sub-  
7 section:

8 “(g) SPECIAL RULE RELATING TO TREATMENT OF  
9 GOVERNMENT BENEFITS IN DETERMINING SUPPORT.—  
10 For purposes of this part, any means-tested benefits ob-  
11 tained under programs described in section 6103(l)(7) or  
12 substantially similar government programs shall not be  
13 taken into account for purposes of determining—

14 “(1) whether over half of the support of an in-  
15 dividual for a calendar year is received from a tax-  
16 payer, and

17 “(2) whether over half of the cost of maintain-  
18 ing a household is furnished by a taxpayer.”.

19 (b) DEPENDENT CARE CREDIT.—Section 21(e)(1) of  
20 such Code is amended by adding at the end the following:  
21 “Any means-tested benefits obtained under programs de-  
22 scribed in section 6103(l)(7) or substantially similar gov-  
23 ernment programs shall not be taken into account for pur-  
24 poses of determining whether over half of the cost of main-  
25 taining a household is furnished by the individual.”.

1       (c) MARITAL STATUS.—Section 7703 of such Code  
2 (relating to determination of marital status) is amended  
3 by adding at the end the following new subsection:

4       “(c) SPECIAL RULE RELATING TO TREATMENT OF  
5 GOVERNMENT BENEFITS IN DETERMINING COST OF  
6 MAINTAINING HOUSEHOLD.—For purposes of subsection  
7 (b)(2), any means-tested benefits obtained under pro-  
8 grams described in section 6103(l)(7) or substantially  
9 similar government programs shall not be taken into ac-  
10 count for purposes of determining whether over half of the  
11 cost of maintaining a household is furnished by the indi-  
12 vidual.”.

13       (d) EFFECTIVE DATE.—The amendments made by  
14 this section shall apply to taxable years beginning after  
15 December 31, 2003.

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