

108TH CONGRESS
1ST SESSION

S. 1173

To amend the Internal Revenue Code of 1986 to accelerate the increase in the refundability of the child tax credit, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JUNE 3, 2003

Mr. GRASSLEY (for himself, Mr. FRIST, Mr. GRAHAM of South Carolina, Mr. ALEXANDER, and Mrs. HUTCHISON) 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 accelerate the increase in the refundability of the child tax credit, 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.**

4 This Act may be cited as the “Relief for Working
5 Families Tax Act of 2003”.

1 **TITLE I—CHILD TAX CREDIT**

2 **SEC. 101. ACCELERATION OF INCREASE IN REFUNDABILITY** 3 **OF THE CHILD TAX CREDIT.**

4 (a) IN GENERAL.—Section 24(d)(1)(B)(i) of the In-
5 ternal Revenue Code of 1986 (relating to portion of credit
6 refundable) is amended by striking “(10 percent in the
7 case of taxable years beginning before January 1, 2005)”.

8 (b) EFFECTIVE DATE.—The amendment made by
9 this section shall apply to taxable years beginning after
10 December 31, 2002.

11 **SEC. 102. ELIMINATION OF MARRIAGE PENALTY IN CHILD** 12 **TAX CREDIT.**

13 (a) IN GENERAL.—Section 24(b)(2) of the Internal
14 Revenue Code of 1986 (defining threshold amount) is
15 amended—

16 (1) by striking “\$110,000” in subparagraph
17 (A) and inserting “\$150,000”, and

18 (2) by striking “\$55,000” in subparagraph (C)
19 and inserting “½ of the amount in effect under sub-
20 paragraph (A)”.

21 (b) INFLATION ADJUSTMENT.—Section 24(b) of the
22 Internal Revenue Code of 1986 (relating to limitations)
23 is amended by adding at the end the following new para-
24 graph:

25 “(4) INFLATION ADJUSTMENT.—

1 “(A) IN GENERAL.—In the case of any
 2 taxable year beginning after 2003, each dollar
 3 amount referred to in paragraph (2) shall be in-
 4 creased 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
 8 calendar year in which the taxable year be-
 9 gins, by substituting ‘2002’ for ‘1992’.

10 “(B) ROUNDING.—If any amount as ad-
 11 justed under subparagraph (A) is not a multiple
 12 of \$100, such amount shall be rounded to the
 13 next lowest multiple of \$100.”.

14 (c) EFFECTIVE DATE.—The amendments made by
 15 this section shall apply to taxable years beginning after
 16 December 31, 2002.

17 **SEC. 103. PERMANENT EXTENSION OF CHILD TAX CREDIT.**

18 (a) IN GENERAL.—Subsection (a) of section 24 of the
 19 Internal Revenue Code of 1986 (relating to child tax cred-
 20 it) is amended to read as follows:

21 “(a) ALLOWANCE OF CREDIT.—There shall be al-
 22 lowed as a credit against the tax imposed by this chapter
 23 for the taxable year with respect to each qualifying child
 24 of the taxpayer an amount equal to \$1,000.”.

(b) REPEAL OF SUNSET.—Title IX of the Economic Growth and Tax Relief Reconciliation Act of 2001 (relating to sunset of provisions of such Act) shall not apply to section 201 of such Act and section 101 of the Jobs and Growth Tax Relief Reconciliation Act of 2003.

(c) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 2004.

TITLE II—UNIFORM DEFINITION OF CHILD

SEC. 201. UNIFORM DEFINITION OF CHILD, ETC.

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

“SEC. 152. DEPENDENT DEFINED.

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

“(1) a qualifying child, or

“(2) a qualifying relative.

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

“(1) DEPENDENTS INELIGIBLE.—If an individual is a dependent of a taxpayer for any taxable year of such taxpayer beginning in a calendar year, such individual shall be treated as having no dependents for any taxable year of such individual beginning in such calendar year.

1 “(2) MARRIED DEPENDENTS.—An individual
2 shall not be treated as a dependent of a taxpayer
3 under subsection (a) if such individual has made a
4 joint return with the individual’s spouse under sec-
5 tion 6013 for the taxable year beginning in the cal-
6 endar year in which the taxable year of the taxpayer
7 begins.

8 “(3) CITIZENS OR NATIONALS OF OTHER COUN-
9 TRIES.—

10 “(A) IN GENERAL.—The term ‘dependent’
11 does not include an individual who is not a cit-
12 izen or national of the United States unless
13 such individual is a resident of the United
14 States or a country contiguous to the United
15 States.

16 “(B) EXCEPTION FOR ADOPTED CHILD.—
17 Subparagraph (A) shall not exclude any child of
18 a taxpayer (within the meaning of subsection
19 (f)(1)(B)) from the definition of ‘dependent’
20 if—

21 “(i) for the taxable year of the tax-
22 payer, the child’s principal place of abode
23 is the home of the taxpayer, and

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

1 “(c) QUALIFYING CHILD.—For purposes of this sec-
2 tion—

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

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

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

11 “(C) who meets the age requirements of
12 paragraph (3), and

13 “(D) who has not provided over one-half of
14 such individual’s own support for the calendar
15 year in which the taxable year of the taxpayer
16 begins.

17 “(2) RELATIONSHIP TEST.—For purposes of
18 paragraph (1)(A), an individual bears a relationship
19 to the taxpayer described in this paragraph if such
20 individual is—

21 “(A) a child of the taxpayer or a descend-
22 ant of such a child, or

23 “(B) a brother, sister, stepbrother, or step-
24 sister of the taxpayer or a descendant of any
25 such relative.

1 “(3) AGE REQUIREMENTS.—

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

5 “(i) has not attained the age of 19 as
6 of the close of the calendar year in which
7 the taxable year of the taxpayer begins, or

8 “(ii) is a student who has not attained
9 the age of 24 as of the close of such cal-
10 endar year.

11 “(B) SPECIAL RULE FOR DISABLED.—In
12 the case of an individual who is permanently
13 and totally disabled (as defined in section
14 22(e)(3)) at any time during such calendar
15 year, the requirements of subparagraph (A)
16 shall be treated as met with respect to such in-
17 dividual.

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

20 “(A) IN GENERAL.—Except as provided in
21 subparagraph (B) and subsection (e), if (but for
22 this paragraph) an individual may be and is
23 claimed as a qualifying child by 2 or more tax-
24 payers for a taxable year beginning in the same

1 calendar year, such individual shall be treated
2 as the qualifying child of the taxpayer who is—

3 “(i) a parent of the individual, or

4 “(ii) if clause (i) does not apply, the
5 taxpayer with the highest adjusted gross
6 income for such taxable year.

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

12 “(i) the parent with whom the child
13 resided for the longest period of time dur-
14 ing the taxable year, or

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

19 “(d) QUALIFYING RELATIVE.—For purposes of this
20 section—

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

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

1 “(B) whose gross income for the calendar
2 year in which such taxable year begins is less
3 than the exemption amount (as defined in sec-
4 tion 151(d)),

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

9 “(D) who is not a qualifying child of such
10 taxpayer or of any other taxpayer for any tax-
11 able year beginning in the calendar year in
12 which such taxable year begins.

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

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

19 “(B) A brother, sister, stepbrother, or
20 stepsister.

21 “(C) The father or mother, or an ancestor
22 of either.

23 “(D) A stepfather or stepmother.

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

1 “(F) A brother or sister of the father or
2 mother of the taxpayer.

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

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

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

19 “(A) no one person contributed over one-
20 half of such support,

21 “(B) over one-half of such support was re-
22 ceived from 2 or more persons each of whom,
23 but for the fact that any such person alone did
24 not contribute over one-half of such support,
25 would have been entitled to claim such indi-

vidual as a dependent for a taxable year beginning in such calendar year,

“(C) the taxpayer contributed over 10 percent of such support, and

“(D) each person described in subparagraph (B) (other than the taxpayer) who contributed over 10 percent of such support files a written declaration (in such manner and form as the Secretary may by regulations prescribe) that such person will not claim such individual as a dependent for any taxable year beginning in such calendar year.

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

“(A) IN GENERAL.—For purposes of paragraph (1)(B), the gross income of an individual who is permanently and totally disabled (as defined in section 22(e)(3)) at any time during the taxable year shall not include income attributable to services performed by the individual at a sheltered workshop if—

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

1 “(ii) the income arises solely from ac-
 2 tivities at such workshop which are inci-
 3 dent to such medical care.

4 “(B) SHELTERED WORKSHOP DEFINED.—
 5 For purposes of subparagraph (A), the term
 6 ‘sheltered workshop’ means a school—

7 “(i) which provides special instruction
 8 or training designed to alleviate the dis-
 9 ability of the individual, and

10 “(ii) which is operated by an organi-
 11 zation described in section 501(c)(3) and
 12 exempt from tax under section 501(a), or
 13 by a State, a possession of the United
 14 States, any political subdivision of any of
 15 the foregoing, the United States, or the
 16 District of Columbia.

17 “(5) SPECIAL SUPPORT TEST IN CASE OF STU-
 18 DENTS.—For purposes of paragraph (1)(C), in the
 19 case of an individual who is—

20 “(A) a child of the taxpayer, and

21 “(B) a student,

22 amounts received as scholarships for study at an
 23 educational organization described in section
 24 170(b)(1)(A)(ii) shall not be taken into account in
 25 determining whether such individual received more

1 than one-half of such individual's support from the
2 taxpayer.

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

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

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

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

19 “(e) SPECIAL RULE FOR DIVORCED PARENTS.—

20 “(1) IN GENERAL.—Notwithstanding subsection
21 (c)(4) or (d)(1)(C), if—

22 “(A) a child receives over one-half of the
23 child's support during the calendar year from
24 the child's parents—

1 “(i) who are divorced or legally sepa-
2 rated under a decree of divorce or separate
3 maintenance,

4 “(ii) who are separated under a writ-
5 ten separation agreement, or

6 “(iii) who live apart at all times dur-
7 ing the last 6 months of the calendar year,
8 and

9 “(B) such child is in the custody of 1 or
10 both of the child’s parents for more than $\frac{1}{2}$ of
11 the calendar year,

12 such child shall be treated as being the qualifying
13 child or qualifying relative of the noncustodial par-
14 ent for a calendar year if the requirements described
15 in paragraph (2) are met.

16 “(2) REQUIREMENTS.—For purposes of para-
17 graph (1), the requirements described in this para-
18 graph are met if—

19 “(A) a decree of divorce or separate main-
20 tenance or written agreement between the par-
21 ents applicable to the taxable year beginning in
22 such calendar year provides that—

23 “(i) the noncustodial parent shall be
24 entitled to any deduction allowable under
25 section 151 for such child, or

1 “(ii) the custodial parent will sign a
 2 written declaration that such parent will
 3 not claim such child as a dependent for
 4 such taxable year, and

5 “(B) in the case of such an agreement exe-
 6 cuted before January 1, 1985, the noncustodial
 7 parent provides at least \$600 for the support of
 8 such child during such calendar year.

9 “(3) CUSTODIAL PARENT AND NONCUSTODIAL
 10 PARENT.—For purposes of this subsection—

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

15 “(B) NONCUSTODIAL PARENT.—The term
 16 ‘noncustodial parent’ means the parent who is
 17 not the custodial parent.

18 “(4) EXCEPTION FOR MULTIPLE-SUPPORT
 19 AGREEMENTS.—This subsection shall not apply in
 20 any case where over one-half of the support of the
 21 child is treated as having been received from a tax-
 22 payer under the provision of subsection (d)(3).

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

25 “(1) CHILD DEFINED.—

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

3 “(i) a son, daughter, stepson, or step-
4 daughter of the taxpayer, or

5 “(ii) an eligible foster child of the tax-
6 payer.

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

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

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

1 “(A) is a full-time student at an edu-
2 cational organization described in section
3 170(b)(1)(A)(ii), or

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

9 “(3) 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 “(4) BROTHER AND SISTER.—The terms
16 ‘brother’ and ‘sister’ include a brother or sister by
17 the half blood.

18 “(5) TREATMENT OF MISSING CHILDREN.—

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

22 “(i) who is presumed by law enforce-
23 ment authorities to have been kidnapped
24 by someone who is not a member of the
25 family of such child or the taxpayer, and

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

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

12 “(i) the deduction under section
 13 151(c),

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

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

19 “(iv) the earned income credit under
 20 section 32.

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

24 “(i) who is presumed by law enforce-
 25 ment authorities to have been kidnapped

1 by someone who is not a member of the
 2 family of such child or the taxpayer, and
 3 “(ii) who was (without regard to this
 4 paragraph) a qualifying relative of the tax-
 5 payer for the portion of the taxable year
 6 before the date of the kidnapping,
 7 shall be treated as a qualifying relative of the
 8 taxpayer for all taxable years ending during the
 9 period that the child is kidnapped.

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

17 “(6) 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).”.**

18 **SEC. 202. MODIFICATIONS OF DEFINITION OF HEAD OF**
 19 **HOUSEHOLD.**

20 (a) HEAD OF HOUSEHOLD.—Clause (i) of section
 21 2(b)(1)(A) of the Internal Revenue Code of 1986 is
 22 amended to read as follows:

23 “(i) a qualifying child of the indi-
 24 vidual (as defined in section 152(c), deter-

1 mined without regard to section 152(e)),
 2 but not if such child—

3 “(I) is married at the close of the
 4 taxpayer’s taxable year, and
 5 “(II) is not a dependent of such
 6 individual by reason of section
 7 152(b)(2) or 152(b)(3), or both, or”.

8 (b) CONFORMING AMENDMENTS.—

9 (1) Section 2(b)(2) of the Internal Revenue
 10 Code of 1986 is amended by striking subparagraph
 11 (A) and by redesignating subparagraphs (B), (C),
 12 and (D) as subparagraphs (A), (B), and (C), respec-
 13 tively.

14 (2) Clauses (i) and (ii) of section 2(b)(3)(B) of
 15 such Code are amended to read as follows:

16 “(i) subparagraph (H) of section
 17 152(d)(2), or

18 “(ii) paragraph (3) of section
 19 152(d).”.

20 **SEC. 203. MODIFICATIONS OF DEPENDENT CARE CREDIT.**

21 (a) IN GENERAL.—Section 21(a)(1) of the Internal
 22 Revenue Code of 1986 is amended by striking “In the case
 23 of an individual who maintains a household which includes
 24 as a member one or more qualifying individuals (as de-
 25 fined in subsection (b)(1))” and inserting “In the case of

1 an individual for which there are 1 or more qualifying indi-
 2 viduals (as defined in subsection (b)(1)) with respect to
 3 such individual”.

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

7 “(1) QUALIFYING INDIVIDUAL.—The term
 8 ‘qualifying individual’ means—

9 “(A) a dependent of the taxpayer (as de-
 10 fined in section 152(a)(1)) who has not attained
 11 age 13,

12 “(B) a dependent of the taxpayer who is
 13 physically or mentally incapable of caring for
 14 himself or herself and who has the same prin-
 15 cipal place of abode as the taxpayer for more
 16 than one-half of such taxable year, or

17 “(C) the spouse of the taxpayer, if the
 18 spouse is physically or mentally incapable of
 19 caring for himself or herself and who has the
 20 same principal place of abode as the taxpayer
 21 for more than one-half of such taxable year.”.

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

1 “(1) PLACE OF ABODE.—An individual shall
 2 not be treated as having the same principal place of
 3 abode of the taxpayer if at any time during the tax-
 4 able year of the taxpayer the relationship between
 5 the individual and the taxpayer is in violation of
 6 local law.”.

7 **SEC. 204. MODIFICATIONS OF CHILD TAX CREDIT.**

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

11 “(1) IN GENERAL.—The term ‘qualifying child’
 12 means a qualifying child of the taxpayer (as defined
 13 in section 152(c)) who has not attained age 17.”.

14 (b) CONFORMING AMENDMENT.—Section 24(c)(2) of
 15 the Internal Revenue Code of 1986 is amended by striking
 16 “the first sentence of section 152(b)(3)” and inserting
 17 “subparagraph (A) of section 152(b)(3)”.

18 **SEC. 205. MODIFICATIONS OF EARNED INCOME CREDIT.**

19 (a) QUALIFYING CHILD.—Paragraph (3) of section
 20 32(c) of the Internal Revenue Code of 1986 is amended
 21 to read as follows:

22 “(3) QUALIFYING CHILD.—

23 “(A) IN GENERAL.—The term ‘qualifying
 24 child’ means a qualifying child of the taxpayer
 25 (as defined in section 152(c), determined with-

1 out regard to paragraph (1)(D) thereof and sec-
 2 tion 152(e)).

3 “(B) MARRIED INDIVIDUAL.—The term
 4 ‘qualifying child’ shall not include an individual
 5 who is married as of the close of the taxpayer’s
 6 taxable year unless the taxpayer is entitled to
 7 a deduction under section 151 for such taxable
 8 year with respect to such individual (or would
 9 be so entitled but for section 152(e)).

10 “(C) PLACE OF ABODE.—For purposes of
 11 subparagraph (A), the requirements of section
 12 152(c)(1)(B) shall be met only if the principal
 13 place of abode is in the United States.

14 “(D) IDENTIFICATION REQUIREMENTS.—

15 “(i) IN GENERAL.—A qualifying child
 16 shall not be taken into account under sub-
 17 section (b) unless the taxpayer includes the
 18 name, age, and TIN of the qualifying child
 19 on the return of tax for the taxable year.

20 “(ii) OTHER METHODS.—The Sec-
 21 retary may prescribe other methods for
 22 providing the information described in
 23 clause (i).”.

24 (b) CONFORMING AMENDMENTS.—

1 (1) Section 32(c)(1) of the Internal Revenue
2 Code of 1986 is amended by striking subparagraph
3 (C) and by redesignating subparagraphs (D), (E),
4 (F), and (G) as subparagraphs (C), (D), (E), and
5 (F), respectively.

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

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

11 **SEC. 206. MODIFICATIONS OF DEDUCTION FOR PERSONAL**
12 **EXEMPTION FOR DEPENDENTS.**

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

15 “(c) **ADDITIONAL EXEMPTION FOR DEPENDENTS.**—
16 An exemption of the exemption amount for each individual
17 who is a dependent (as defined in section 152) of the tax-
18 payer for the taxable year.”.

19 **SEC. 207. TECHNICAL AND CONFORMING AMENDMENTS.**

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

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

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

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

7 (3) Section 25B(c)(2)(B) of such Code is
8 amended by striking “151(c)(4)” and inserting
9 “152(f)(2)”.

10 (4)(A) Subparagraphs (A) and (B) of section
11 51(i)(1) of such Code are each amended by striking
12 “paragraphs (1) through (8) of section 152(a)” both
13 places it appears and inserting “subparagraphs (A)
14 through (G) of section 152(d)(2)”.

15 (B) Section 51(i)(1)(C) of such Code is amend-
16 ed by striking “152(a)(9)” and inserting
17 “152(d)(2)(H)”.

18 (5) Section 72(t)(7)(A)(iii) of such Code is
19 amended by striking “151(c)(3)” and inserting
20 “152(f)(1)”.

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

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

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

5 (9) Section 170(g)(3) of such Code is amended
6 by striking “paragraphs (1) through (8) of section
7 152(a)” and inserting “subparagraphs (A) through
8 (G) of section 152(d)(2)”.

9 (10) The second sentence of section 213(d)(11)
10 of such Code is amended by striking “paragraphs
11 (1) through (8) of section 152(a)” and inserting
12 “subparagraphs (A) through (G) of section
13 152(d)(2)”.

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

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

21 (13) Section 7701(a)(17) of such Code is
22 amended by striking “152(b)(4), 682,” and inserting
23 “682”.

24 (14) Section 7702B(f)(2)(C)(iii) of such Code is
25 amended by striking “paragraphs (1) through (8) of

1 section 152(a)” and inserting “subparagraphs (A)
2 through (G) of section 152(d)(2)”.

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

5 (A) by striking “151(c)(3)” and inserting
6 “152(f)(1)”, and

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

8 **SEC. 208. EFFECTIVE DATE.**

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

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