

# Calendar No. 121

108TH CONGRESS  
1ST SESSION

# S. 1174

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

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## IN THE SENATE OF THE UNITED STATES

JUNE 3, 2003

Mr. GRASSLEY (for himself, Mr. FRIST, Mr. GRAHAM of South Carolina, Mr. ALEXANDER, Mrs. HUTCHISON, Mr. HAGEL, and Mr. WARNER) introduced the following bill; which was read the first time

JUNE 4, 2003

Read the second time and placed on the calendar

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## 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 “ $\frac{1}{2}$  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.”.

1 (b) REPEAL OF SUNSET.—Title IX of the Economic  
2 Growth and Tax Relief Reconciliation Act of 2001 (relat-  
3 ing to sunset of provisions of such Act) shall not apply  
4 to section 201 of such Act and section 101 of the Jobs  
5 and Growth Tax Relief Reconciliation Act of 2003.

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

## 9 **TITLE II—UNIFORM DEFINITION** 10 **OF CHILD**

### 11 **SEC. 201. UNIFORM DEFINITION OF CHILD, ETC.**

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

#### 14 **“SEC. 152. DEPENDENT DEFINED.**

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

17 “(1) a qualifying child, or

18 “(2) a qualifying relative.

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

20 “(1) DEPENDENTS INELIGIBLE.—If an indi-  
21 vidual is a dependent of a taxpayer for any taxable  
22 year of such taxpayer beginning in a calendar year,  
23 such individual shall be treated as having no depend-  
24 ents for any taxable year of such individual begin-  
25 ning 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-

1 individual as a dependent for a taxable year begin-  
2 ning in such calendar year,

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

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

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

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

22 “(i) the availability of medical care at  
23 such workshop is the principal reason for  
24 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 ½ 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           (a) Section 21(e)(5) of the Internal Revenue Code of  
21 1986 is amended—

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



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

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

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

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

14          (2) Section 51(i)(1)(C) of such Code is amended by  
15 striking “152(a)(9)” and inserting “152(d)(2)(H)”.

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

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

20          (g) The first sentence of section 132(h)(2)(B) of such  
21 Code is amended by striking “151(c)(3)” and inserting  
22 “152(f)(1)”.

23          (h) Section 153 of such Code is amended by striking  
24 paragraph (1) and by redesignating paragraphs (2), (3),  
25 and (4) as paragraphs (1), (2), and (3), respectively.

1 (i) Section 170(g)(3) of such Code is amended by  
2 striking “paragraphs (1) through (8) of section 152(a)”  
3 and inserting “subparagraphs (A) through (G) of section  
4 152(d)(2)”.

5 (j) The second sentence of section 213(d)(11) of such  
6 Code is amended by striking “paragraphs (1) through (8)  
7 of section 152(a)” and inserting “subparagraphs (A)  
8 through (G) of section 152(d)(2)”.

9 (k) Section 529(e)(2)(B) of such Code is amended by  
10 striking “paragraphs (1) through (8) of section 152(a)”  
11 and inserting “subparagraphs (A) through (G) of section  
12 152(d)(2)”.

13 (l) Section 2032A(c)(7)(D) of such Code is amended  
14 by striking “section 151(c)(4)” and inserting “section  
15 152(f)(2)”.

16 (m) Section 7701(a)(17) of such Code is amended by  
17 striking “152(b)(4), 682,” and inserting “682”.

18 (n) Section 7702B(f)(2)(C)(iii) of such Code is  
19 amended by striking “paragraphs (1) through (8) of sec-  
20 tion 152(a)” and inserting “subparagraphs (A) through  
21 (G) of section 152(d)(2)”.

22 (o) Section 7703(b)(1) of such Code is amended—

23 (1) by striking “151(c)(3)” and inserting  
24 “152(f)(1)”, and

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

1 **SEC. 208. EFFECTIVE DATE.**

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

**Calendar No. 121**

108TH CONGRESS  
1ST SESSION

**S. 1174**

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**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.

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JUNE 4, 2003

Read the second time and placed on the calendar