

109TH CONGRESS
2^D SESSION

H. R. 5123

To amend the Internal Revenue Code of 1986 to simplify and provide greater uniformity for child-related tax benefits and to eliminate the potential for abuse created by the uniform definition of child in the Working Families Tax Relief Act of 2004.

IN THE HOUSE OF REPRESENTATIVES

APRIL 6, 2006

Mr. DOGGETT (for himself, Mr. RANGEL, Mr. STARK, Mr. LEVIN, Mr. McDERMOTT, Mr. LEWIS of Georgia, Mr. McNULTY, Mr. JEFFERSON, Mr. BECERRA, Mr. POMEROY, Mrs. JONES of Ohio, Mr. THOMPSON of California, Mr. LARSON of Connecticut, Mr. EMANUEL, Mr. ALLEN, Mr. CONYERS, Mr. GRIJALVA, Mr. HINCHEY, Ms. EDDIE BERNICE JOHNSON of Texas, Mr. SHERMAN, Ms. SLAUGHTER, and Ms. SOLIS) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to simplify and provide greater uniformity for child-related tax benefits and to eliminate the potential for abuse created by the uniform definition of child in the Working Families Tax Relief Act of 2004.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Tax Equity for Chil-
3 dren and the Working Poor Act of 2006”.

4 **SEC. 2. REPEAL OF UNIFORM DEFINITION OF CHILD.**

5 (a) IN GENERAL.—Title II of the Working Families
6 Tax Relief Act of 2004 (relating to uniform definition of
7 child), and the amendments made by such title, and sec-
8 tion 404 of the Gulf Opportunity Zone Act of 2005, and
9 the amendments made by such section, are hereby re-
10 pealed.

11 (b) ADMINISTRATION OF INTERNAL REVENUE CODE
12 OF 1986.—The Internal Revenue Code of 1986 shall be
13 applied and administered as if the provisions, and amend-
14 ments, specified in subsection (a) had never been enacted.

15 (c) CONFORMING AMENDMENT.—Section
16 1361(c)(1)(C) of such Code is amended by striking “any
17 eligible foster child of an individual (within the meaning
18 of section 152(f)(1)(C))” and inserting “any foster child
19 (as defined in section 152(b)(2)) of an individual”.

20 (d) EFFECTIVE DATE.—This section shall apply to
21 taxable years beginning after December 31, 2006.

22 **SEC. 3. SIMPLIFICATION OF AND UNIFORM RULES FOR**
23 **CHILD-RELATED TAX BENEFITS.**

24 (a) WAIVER OF INCOME TEST FOR ALL YOUNG DE-
25 PENDENTS.—Subparagraph (B) of section 151(c)(1) of
26 the Internal Revenue Code of 1986 (relating to general

1 rule for additional exemption for dependents), as amended
2 by section 2 of this Act, is amended by striking “who is
3 a child of the taxpayer and”.

4 (b) CHILD CREDIT.—Paragraph (1) of section 24(c)
5 of such Code (defining qualifying child), as amended by
6 section 2 of this Act, is amended to read as follows:

7 “(1) QUALIFYING CHILD.—The term ‘qualifying
8 child’ means any individual if—

9 “(A) the taxpayer is allowed a deduction
10 under section 151 with respect to such indi-
11 vidual for the taxable year, and

12 “(B) such individual has not attained the
13 age of 17 as of the close of the calendar year
14 in which the taxable year of the taxpayer be-
15 gins.”.

16 (c) EARNED INCOME CREDIT.—Clause (i) of section
17 32(c)(3)(B) of such Code (relating to general rule defining
18 relationship test), as amended by section 2 of this Act,
19 is amended by adding at the end the following flush sen-
20 tence: “An individual shall be treated as bearing a rela-
21 tionship to the taxpayer described in the preceding sen-
22 tence if the taxpayer is entitled to a deduction under sec-
23 tion 151(c) for such individual.”.

24 (d) CONFORMING AMENDMENTS.—

1 (1) Section 151(c) of such Code, as amended by
2 section 2 of this Act, is amended by striking para-
3 graph (3).

4 (2) Section 152(b)(2) of such Code, as amended
5 by section 2 of this Act, is amended—

6 (A) by striking “(if such child satisfies the
7 requirements of subsection (a)(9) with respect
8 to such individual)”, and

9 (B) by adding at the end the following new
10 sentence: “For purposes of the preceding sen-
11 tence, the term ‘foster child’ means an indi-
12 vidual who is placed with the taxpayer by an
13 authorized placement agency or by judgment,
14 decree, or other order of any court of competent
15 jurisdiction.”.

16 (e) EFFECTIVE DATE.—The amendments made by
17 this section shall apply to taxable years beginning after
18 December 31, 2006.

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