

114TH CONGRESS  
2D SESSION

# H. R. 4708

To amend the Internal Revenue Code of 1986 to provide a nonrefundable credit for working family caregivers.

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## IN THE HOUSE OF REPRESENTATIVES

MARCH 3, 2016

Mr. REED (for himself and Ms. LINDA T. SÁNCHEZ of California) 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 nonrefundable credit for working family caregivers.

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 “Credit for Caring Act  
5 of 2016”.

6 **SEC. 2. CREDIT FOR WORKING FAMILY CAREGIVERS.**

7 (a) IN GENERAL.—Subpart A of part IV of sub-  
8 chapter A of chapter 1 of the Internal Revenue Code of  
9 1986 is amended by inserting after section 25D the fol-  
10 lowing new section:

1 **“SEC. 25E. WORKING FAMILY CAREGIVERS.**

2       “(a) ALLOWANCE OF CREDIT.—In the case of an eli-  
3 gible caregiver, there shall be allowed as a credit against  
4 the tax imposed by this chapter for the taxable year an  
5 amount equal to 30 percent of the qualified expenses paid  
6 by the taxpayer during the taxable year to the extent that  
7 such expenses exceed \$2,000.

8       “(b) LIMITATION.—

9               “(1) IN GENERAL.—The amount allowed as a  
10 credit under subsection (a) for the taxable year shall  
11 not exceed \$3,000.

12               “(2) ADJUSTMENT FOR INFLATION.—In the  
13 case of any taxable year beginning after 2016, the  
14 dollar amount contained in paragraph (1) shall be  
15 increased by an amount equal to the product of—

16                       “(A) such dollar amount, and

17                       “(B) the medical care cost adjustment de-  
18 termined under section 213(d)(10)(B)(ii) for  
19 the calendar year in which the taxable year be-  
20 gins, determined by substituting ‘2015’ for  
21 ‘1996’ in subclause (II) thereof.

22       If any increase determined under the preceding sen-  
23 tence is not a multiple of \$50, such increase shall  
24 be rounded to the next lowest multiple of \$50.

1 “(c) ELIGIBLE CAREGIVER.—For purposes of this  
2 section, the term ‘eligible caregiver’ means an individual  
3 who—

4 “(1) during the taxable year pays or incurs eli-  
5 gible expenses in connection with providing care for  
6 a qualified care recipient, and

7 “(2) has earned income (as defined in section  
8 32(c)(2)) for the taxable year in excess of \$7,500.

9 “(d) QUALIFIED CARE RECIPIENT.—For purposes of  
10 this section—

11 “(1) IN GENERAL.—The term ‘qualified care re-  
12 cipient’ means, with respect to any taxable year, any  
13 individual who—

14 “(A) is the spouse of the eligible caregiver,  
15 or any other person who bears a relationship to  
16 the eligible caregiver described in any of sub-  
17 paragraphs (A) through (H) of section  
18 152(d)(2),

19 “(B) has been certified, before the due  
20 date for filing the return of tax for the taxable  
21 year, by a licensed health care practitioner (as  
22 defined in section 7702B(c)(4)) as being an in-  
23 dividual with long-term care needs described in  
24 paragraph (3) for a period—

1                   “(i) which is at least 180 consecutive  
2                   days, and

3                   “(ii) a portion of which occurs within  
4                   the taxable year.

5                   “(2) PERIOD FOR MAKING CERTIFICATION.—  
6                   Notwithstanding paragraph (1)(B), a certification  
7                   shall not be treated as valid unless it is made within  
8                   the 39½-month period ending on such due date (or  
9                   such other period as the Secretary prescribes).

10                  “(3) INDIVIDUALS WITH LONG-TERM CARE  
11                  NEEDS.—An individual is described in this para-  
12                  graph if the individual meets any of the following re-  
13                  quirements:

14                         “(A) The individual is at least 6 years of  
15                         age and—

16                                 “(i) is unable to perform (without  
17                                 substantial assistance from another indi-  
18                                 vidual) at least 2 activities of daily living  
19                                 (as defined in section 7702B(c)(2)(B)) due  
20                                 to a loss of functional capacity, or

21                                 “(ii) requires substantial supervision  
22                                 to protect such individual from threats to  
23                                 health and safety due to severe cognitive  
24                                 impairment and is unable to perform, with-  
25                                 out reminding or cueing assistance, at

1 least 1 activity of daily living (as so de-  
2 fined) or to the extent provided in regula-  
3 tions prescribed by the Secretary (in con-  
4 sultation with the Secretary of Health and  
5 Human Services), is unable to engage in  
6 age appropriate activities.

7 “(B) The individual is at least 2 years of  
8 age but not 6 years of age and is unable due  
9 to a loss of functional capacity to perform  
10 (without substantial assistance from another in-  
11 dividual) at least 2 of the following activities:  
12 eating, transferring, or mobility.

13 “(C) The individual is under 2 years of age  
14 and requires specific durable medical equipment  
15 by reason of a severe health condition or re-  
16 quires a skilled practitioner trained to address  
17 the individual’s condition to be available if the  
18 individual’s parents or guardians are absent.

19 “(e) QUALIFIED EXPENSES.—For purposes of this  
20 section—

21 “(1) IN GENERAL.—The term ‘qualified ex-  
22 penses’ means expenditures for goods, services, and  
23 supports that assist with activities of daily living (as  
24 defined in section 7702B(c)(2)(B)) and instrumental  
25 activities of daily living (as defined in section

1 1915(k)(6)(F) of the Social Security Act (42 U.S.C.  
2 1396n(k)(6)(F)) provided to a qualified care recipi-  
3 ent described and are not incurred by individuals  
4 who do not need such assistance.

5 “(2) ADJUSTMENT FOR OTHER TAX BENE-  
6 FITS.—The amount of qualified expenses otherwise  
7 taken into account under paragraph (1) with respect  
8 to an individual shall be reduced by the sum of any  
9 amounts paid for the benefit of such individual for  
10 the taxable year which are—

11 “(A) taken into account under section 21  
12 or 213, or

13 “(B) excluded from gross income under  
14 section 129, 223(f), or 529A(c)(1)(B).

15 “(3) GOODS, SERVICES, AND SUPPORTS.—For  
16 purposes of paragraph (1), goods, services and sup-  
17 ports (as defined by the Secretary) include—

18 “(A) human assistance, supervision, cueing  
19 and standby assistance,

20 “(B) assistive technologies and devices (in-  
21 cluding remote health monitoring),

22 “(C) environmental modifications (includ-  
23 ing home modifications),

24 “(D) health maintenance tasks (such as  
25 medication management),

1 “(E) information,

2 “(F) transportation of the qualified care  
3 recipient,

4 “(G) non-health items (such as inconti-  
5 nence supplies),

6 “(H) travel costs of the eligible caregiver  
7 related to caring for a qualified care recipient,

8 “(I) lost wages for unpaid time off due to  
9 caring for a qualified care recipient as verified  
10 by an employer,

11 “(J) coordination of and services for peo-  
12 ple who live in their own home, a residential  
13 setting, or a nursing facility, as well as the cost  
14 of care in these or other locations, and

15 “(K) supports provided to family members  
16 and other unpaid caregivers.

17 “(4) HUMAN ASSISTANCE.—The term ‘human  
18 assistance’ includes the costs of a direct care worker.

19 “(5) DOCUMENTATION.—An expense shall not  
20 be taken into account under this section unless the  
21 eligible caregiver substantiates such expense under  
22 such regulations or guidance as the Secretary shall  
23 provide.

24 “(6) MILEAGE RATE.—For purposes of this sec-  
25 tion, the mileage rate for the use of a passenger

1 automobile shall be the standard mileage rate used  
2 to calculate the deductible costs of operating an  
3 automobile for medical purposes. Such rate may be  
4 used in lieu of actual automobile-related travel ex-  
5 penses.

6 “(7) COORDINATION WITH ABLE ACCOUNTS.—  
7 Qualified expenses for a taxable year shall not in-  
8 clude contributions to an ABLE account (as defined  
9 in section 529A).

10 “(f) PHASE-OUT BASED ON ADJUSTED GROSS IN-  
11 COME.—For purposes of this section—

12 “(1) IN GENERAL.—The amount of the credit  
13 allowable under subsection (a) shall be reduced (but  
14 not below zero) by \$100 for each \$1,000 (or fraction  
15 thereof) by which the taxpayer’s modified adjusted  
16 gross income exceeds the threshold amount.

17 “(2) MODIFIED ADJUSTED GROSS INCOME.—  
18 The term ‘modified adjusted gross income’ means  
19 adjusted gross income increased by any amount ex-  
20 cluded from gross income under section 911, 931, or  
21 933.

22 “(3) THRESHOLD AMOUNT.—The term ‘thresh-  
23 old amount’ means—

24 “(A) \$150,000 in the case of a joint re-  
25 turn, and

1 “(B) \$75,000 in any other case.

2 “(4) INDEXING.—In the case of any taxable  
3 year beginning in a calendar year after 2016, each  
4 dollar amount contained in paragraph (3) shall be  
5 increased by an amount equal to the product of—

6 “(A) such dollar amount, and

7 “(B) the cost-of-living adjustment deter-  
8 mined under section 1(f)(3) for the calendar  
9 year in which the taxable year begins, deter-  
10 mined by substituting “calendar year 2015” for  
11 “calendar year 1992” in subparagraph (B)  
12 thereof.

13 “(5) ROUNDING RULE.—If any increase deter-  
14 mined under paragraph (4) is not a multiple of \$50,  
15 such increase shall be rounded to the next lowest  
16 multiple of \$50.

17 “(g) IDENTIFICATION OF ELIGIBLE CAREGIVER  
18 WITH CARE RECIPIENT (QUALIFIED CARE RECIPIENT)  
19 IDENTIFICATION REQUIREMENT.—No credit shall be al-  
20 lowed under this section to a taxpayer with respect to any  
21 qualified care recipient unless the taxpayer includes the  
22 name and taxpayer identification number of such indi-  
23 vidual, and the identification number of the licensed health  
24 care practitioner certifying such individual, on the return  
25 of tax for the taxable year.”.

1           (b) CLERICAL AMENDMENT.—The table of sections  
2 for subpart A of part IV of subchapter A of chapter 1  
3 of such Code is amended by inserting after the item relat-  
4 ing to section 25D the following new item:

“Sec. 25E. Working family caregivers.”.

5           (c) EFFECTIVE DATE.—The amendments made by  
6 this section shall apply to taxable years beginning after  
7 December 31, 2015.

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