

114TH CONGRESS
1ST SESSION

H. R. 902

To amend the Internal Revenue Code of 1986 to make improvements in the earned income tax credit.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 11, 2015

Mr. NEAL (for himself, Ms. PELOSI, Ms. CLARK of Massachusetts, Ms. DELAURO, Mr. DOGGETT, Ms. NORTON, Mr. TAKANO, Mr. McDERMOTT, Ms. BROWNLEY of California, Mr. CUMMINGS, Ms. MOORE, Mr. PASCRELL, Mrs. DAVIS of California, Mr. RANGEL, Mr. LANGEVIN, Mr. THOMPSON of California, Mr. KILMER, Mr. LYNCH, Mr. LARSON of Connecticut, Mr. BLUMENAUER, Mr. RYAN of Ohio, Mr. LEVIN, Ms. LINDA T. SÁNCHEZ of California, Mr. VAN HOLLEN, Mr. MCGOVERN, Ms. SCHAKOWSKY, Mr. BECERRA, Mr. WELCH, Mr. KENNEDY, Ms. SLAUGHTER, Ms. ESHOO, Mr. KIND, Ms. PINGREE, Mr. CROWLEY, Mr. DANNY K. DAVIS of Illinois, Ms. BONAMICI, Mr. BEN RAY LUJÁN of New Mexico, Ms. MAXINE WATERS of California, Mr. RUSH, Mr. KEATING, Mr. CICILLINE, Mr. COHEN, Ms. ESTY, Ms. MCCOLLUM, Mr. LEWIS, Mr. KILDEE, and Ms. FUDGE) 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 make improvements in the earned income tax credit.

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; TABLE OF CONTENTS.**

2 (a) **SHORT TITLE.**—This Act may be cited as the
 3 “Earned Income Tax Credit Improvement and Simplifica-
 4 tion Act 2015”.

5 (b) **TABLE OF CONTENTS.**—The table of contents for
 6 this Act is as follows:

- Sec. 1. Short title; table of contents.
- Sec. 2. Certain improvements in the earned income tax credit made permanent.
- Sec. 3. Strengthening the earned income tax credit for individuals with no qualifying children.
- Sec. 4. Taxpayer eligible for credit for individuals with no qualifying children if qualifying children do not have valid Social Security numbers.
- Sec. 5. Credit allowed in case of certain separated spouses.
- Sec. 6. Taxpayer eligible for credit without qualifying child if qualifying child claimed by another member of family.
- Sec. 7. Elimination of disqualified investment income test.

7 **SEC. 2. CERTAIN IMPROVEMENTS IN THE EARNED INCOME**
 8 **TAX CREDIT MADE PERMANENT.**

9 (a) **INCREASE IN CREDIT PERCENTAGE FOR THREE**
 10 **OR MORE QUALIFYING CHILDREN MADE PERMANENT.**—
 11 Section 32(b)(1) of the Internal Revenue Code of 1986
 12 is amended to read as follows:

13 “(1) **PERCENTAGES.**—The credit percentage
 14 and the phaseout percentage shall be determined in
 15 accordance with the following table:

| “In the case of an eligible individual with: | The credit percentage is: | The phaseout percentage is: |
|---|------------------------------|--------------------------------|
| 1 qualifying child | 34 | 15.98 |
| 2 qualifying children | 40 | 21.06 |
| 3 or more qualifying children | 45 | 21.06 |
| No qualifying children | 7.65 | 7.65”. |

1 (b) REDUCTION OF MARRIAGE PENALTY MADE PER-
2 MANENT.—

3 (1) IN GENERAL.—Section 32(b)(2)(B) of such
4 Code is amended to read as follows:

5 “(B) JOINT RETURNS.—

6 “(i) IN GENERAL.—In the case of a
7 joint return filed by an eligible individual
8 and such individual’s spouse, the phaseout
9 amount determined under subparagraph
10 (A) shall be increased by \$5,000.

11 “(ii) INFLATION ADJUSTMENT.—In
12 the case of any taxable year beginning
13 after 2014, the \$5,000 amount in clause
14 (i) shall be increased by an amount equal
15 to—

16 “(I) such dollar amount, multi-
17 plied by

18 “(II) the cost of living adjust-
19 ment determined under section 1(f)(3)
20 for the calendar year in which the tax-
21 able year begins determined by sub-
22 stituting ‘calendar year 2009’ for ‘cal-
23 endar year 1992’ in subparagraph (B)
24 thereof.

1 “(iii) ROUNDING.—Subparagraph (A)
2 of subsection (j)(2) shall apply after taking
3 into account any increase under clause
4 (ii).”.

5 (c) CONFORMING AMENDMENT.—Section 32(b) of
6 such Code is amended by striking paragraph (3).

7 (d) EFFECTIVE DATE.—The amendments made by
8 this section shall apply to taxable years beginning after
9 the date of the enactment of this Act.

10 **SEC. 3. STRENGTHENING THE EARNED INCOME TAX CRED-**
11 **IT FOR INDIVIDUALS WITH NO QUALIFYING**
12 **CHILDREN.**

13 (a) CREDIT FOR CERTAIN INDIVIDUALS OVER AGE
14 21.—

15 (1) IN GENERAL.—Section 32(c)(1) of the In-
16 ternal Revenue Code of 1986 is amended by adding
17 at the end the following new subparagraph:

18 “(G) SPECIAL RULE FOR WORKING INDI-
19 VIDUALS OVER AGE 20 AND WITHOUT QUALI-
20 FYING CHILD.—

21 “(i) IN GENERAL.—In the case of an
22 individual (or, if the individual is married,
23 either the individual or the individual’s
24 spouse) who—

1 “(I) has attained the age of 21
2 but not attained age 25 before the
3 close of the taxable year, and

4 “(II) is not a full-time student at
5 any time during the taxable year,
6 paragraph (1)(A)(ii)(II) shall not apply for
7 purposes of determining whether such indi-
8 vidual is an eligible individual.

9 “(ii) STUDENT.—For purposes of this
10 subparagraph, an individual shall be con-
11 sidered a full-time student if such indi-
12 vidual is carrying more than $\frac{1}{2}$ the normal
13 full-time work load for the course of study
14 the individual is pursuing.”.

15 (2) INFORMATION RETURN MATCHING.—Not
16 later than 1 year after the date of the enactment of
17 this Act, the Secretary of the Treasury shall develop
18 and implement procedures for checking an individ-
19 ual’s claim for a credit under section 32 of the In-
20 ternal Revenue Code of 1986, by reason of sub-
21 section (c)(1)(G) thereof, against any information
22 return made with respect to such individual under
23 section 6050S (relating to returns relating to higher
24 education tuition and related expenses).

25 (b) INCREASED CREDIT.—

1 (1) CREDIT PERCENTAGE AND PHASEOUT PER-
2 CENTAGE.—The table contained in section
3 32(b)(1)(A) of such Code, as amended by this Act,
4 is amended by striking “7.65” each place it appears
5 and inserting “15.3”.

6 (2) EARNED INCOME AMOUNT AND PHASEOUT
7 AMOUNT.—

8 (A) IN GENERAL.—The table contained in
9 section 32(b)(2)(A) of such Code is amended—

10 (i) by striking “\$4,220” and inserting
11 “\$8,820”, and

12 (ii) by striking “\$5,280” and insert-
13 ing “\$10,425”.

14 (B) INFLATION ADJUSTMENTS.—Section
15 32(j)(1)(B) of such Code is amended—

16 (i) by inserting “except as provided in
17 clause (iii)” in clause (i) before “in the
18 case of amounts”,

19 (ii) by striking “and” at the end of
20 clause (i), by striking the period at the end
21 of clause (ii) and inserting “, and”, and by
22 adding at the end the following new clause:

23 “(iii) in the case of the \$8,820 and
24 \$10,425 amounts in subsection (b)(2)(A),
25 by substituting ‘calendar year 2012’ for

1 ‘calendar year 1992’ in subparagraph (B)
2 of such section 1.”.

3 (c) EFFECTIVE DATE.—The amendments made by
4 this section shall apply to taxable years beginning after
5 the date of the enactment of this Act.

6 **SEC. 4. TAXPAYER ELIGIBLE FOR CREDIT FOR INDIVID-**
7 **UALS WITH NO QUALIFYING CHILDREN IF**
8 **QUALIFYING CHILDREN DO NOT HAVE VALID**
9 **SOCIAL SECURITY NUMBERS.**

10 (a) IN GENERAL.—Section 32(c)(1)(F) of the Inter-
11 nal Revenue Code of 1986 is amended to read as follows:

12 “(F) INDIVIDUALS WHO DO NOT INCLUDE
13 TIN, ETC., OF ANY QUALIFYING CHILD.—In the
14 case of any eligible individual who has one or
15 more qualifying children, if—

16 “(i) no qualifying child of such indi-
17 vidual is taken into account under sub-
18 section (b) by reason of paragraph (3)(D),
19 and

20 “(ii) no child of such individual is
21 taken into account for purposes of any
22 other child tax benefit under this chapter,
23 for purposes of the credit allowed under this
24 section, such individual may be considered an
25 eligible individual without a qualifying child.”.

1 (b) EFFECTIVE DATE.—The amendment made by
2 this section shall apply to taxable years beginning after
3 December 31, 2014.

4 **SEC. 5. CREDIT ALLOWED IN CASE OF CERTAIN SEPA-**
5 **RATED SPOUSES.**

6 (a) IN GENERAL.—Section 32(d) of the Internal Rev-
7 enue Code of 1986 is amended—

8 (1) by striking “MARRIED INDIVIDUALS.—In
9 the case of” and inserting the following: “MARRIED
10 INDIVIDUALS.—

11 “(1) IN GENERAL.—In the case of”, and

12 (2) by adding at the end the following new
13 paragraph:

14 “(2) SPECIAL RULE FOR SEPARATED
15 SPOUSE.—An individual shall not be treated as mar-
16 ried for purposes of this section if such individual—

17 “(A) is married (within the meaning of
18 section 7703(a)) and files a separate return for
19 the taxable year,

20 “(B) lives with a qualifying child of the in-
21 dividual for more than one-half of such taxable
22 year, and

23 “(C)(i) during the last 6 months such tax-
24 able year, does not have the same principal
25 place of abode as the individual’s spouse, or

1 “(ii) has a legally binding separation
2 agreement with the individual’s spouse and is
3 not a member of the same household with the
4 individual’s spouse by the end of the taxable
5 year.”.

6 (b) EFFECTIVE DATE.—The amendments made by
7 this section shall apply to taxable years beginning after
8 the date of the enactment of this Act.

9 **SEC. 6. TAXPAYER ELIGIBLE FOR CREDIT WITHOUT QUALI-**
10 **FYING CHILD IF QUALIFYING CHILD**
11 **CLAIMED BY ANOTHER MEMBER OF FAMILY.**

12 (a) IN GENERAL.—Section 32(c)(1) of the Internal
13 Revenue Code of 1986 is amended by adding at the end
14 the following new subparagraph:

15 “(G) TAXPAYER ELIGIBLE FOR CREDIT
16 WITHOUT QUALIFYING CHILD IF QUALIFYING
17 CHILD CLAIMED BY ANOTHER MEMBER OF FAM-
18 ILY.—

19 “(i) IN GENERAL.—If—

20 “(I) an individual is claimed as a
21 qualifying child by an eligible indi-
22 vidual for any taxable year of such eli-
23 gible individual beginning in a cal-
24 endar year, and

1 “(II) such individual is the quali-
 2 fying child of another eligible indi-
 3 vidual for any taxable year beginning
 4 in such calendar year,
 5 such other eligible individual may be treat-
 6 ed as an eligible individual without a quali-
 7 fying child for purposes of this section for
 8 such taxable year.

9 “(ii) EXCEPTION FOR QUALIFYING
 10 CHILD CLAIMED BY PARENT.—If an indi-
 11 vidual is claimed as a qualifying child for
 12 any taxable year by a parent of such child,
 13 clause (i) shall not apply with respect to
 14 any other custodial parent of such child.”.

15 (b) EFFECTIVE DATE.—The amendment made by
 16 this section shall apply to taxable years beginning after
 17 the date of the enactment of this Act.

18 **SEC. 7. ELIMINATION OF DISQUALIFIED INVESTMENT IN-**
 19 **COME TEST.**

20 (a) IN GENERAL.—Section 32 of the Internal Rev-
 21 enue Code of 1986 is amended by striking subsection (i).

22 (b) CONFORMING AMENDMENTS.—

23 (1) Section 32(j)(1)(B)(i) of such Code is
 24 amended by striking “subsections (b)(2)(A) and
 25 (i)(1)” and inserting “subsection (b)(2)(A)”.

1 (2) Section 32(j)(2) of such Code is amended—

2 (A) by striking paragraph (2), and

3 (B) by striking “ROUNDING.—” and all
4 that follows through “If any dollar amount”
5 and inserting the following: “ROUNDING.—If
6 any dollar amount”.

7 (c) EFFECTIVE DATE.—The amendments made by
8 this section shall apply to taxable years beginning after
9 the date of the enactment of this Act.

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