

# Union Calendar No. 307

116<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

# H. R. 3300

[Report No. 116–384]

To amend the Internal Revenue Code of 1986 to provide tax relief for workers and families, and for other purposes.

---

## IN THE HOUSE OF REPRESENTATIVES

JUNE 18, 2019

Mr. NEAL introduced the following bill; which was referred to the Committee on Ways and Means

FEBRUARY 4, 2020

Additional sponsors: Mr. SAN NICOLAS and Mr. NORCROSS

FEBRUARY 4, 2020

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in *italie*]

[For text of introduced bill, see copy of bill as introduced on June 18, 2019]

# **A BILL**

To amend the Internal Revenue Code of 1986 to provide tax relief for workers and families, 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; ETC.**

4       (a) *SHORT TITLE.*—*This Act may be cited as the*  
 5       *“Economic Mobility Act of 2019”.*

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

*Sec. 1. Short title; etc.*

**TITLE I—EARNED INCOME TAX CREDIT**

*Sec. 101. Strengthening the earned income tax credit for individuals with no*  
*qualifying children.*

*Sec. 102. Tarpayer eligible for childless earned income credit in case of quali-*  
*fying children who fail to meet certain identification require-*  
*ments.*

*Sec. 103. Credit allowed in case of certain separated spouses.*

*Sec. 104. Elimination of disqualified investment income test.*

*Sec. 105. Application of earned income tax credit in possessions of the United*  
*States.*

**TITLE II—CHILD TAX CREDIT**

*Sec. 201. Child tax credit fully refundable for 2019 and 2020.*

*Sec. 202. Payments to possessions.*

**TITLE III—DEPENDENT CARE ASSISTANCE**

*Sec. 301. Refundability and enhancement of child and dependent care tax credit.*

*Sec. 302. Increase in exclusion for employer-provided dependent care assistance.*

**TITLE IV—CERTAIN FRINGE BENEFIT EXPENSES**

*Sec. 401. Repeal of inclusion of certain fringe benefit expenses in unrelated busi-*  
*ness taxable income.*

8       (c) *AMENDMENT OF 1986 CODE.*—*Except as otherwise*  
 9       *expressly provided, whenever in this Act an amendment or*  
 10       *repeal is expressed in terms of an amendment to, or repeal*  
 11       *of, a section or other provision, the reference shall be consid-*  
 12       *ered to be made to a section or other provision of the Inter-*  
 13       *nal Revenue Code of 1986.*

1     ***TITLE I—EARNED INCOME TAX***  
2                     ***CREDIT***

3     ***SEC. 101. STRENGTHENING THE EARNED INCOME TAX***  
4                     ***CREDIT FOR INDIVIDUALS WITH NO QUALI-***  
5                     ***FYING CHILDREN.***

6             *(a) SPECIAL RULES FOR 2019 AND 2020.—Section 32*  
7     *is amended by adding at the end the following new sub-*  
8     *section:*

9             *“(n) SPECIAL RULES FOR INDIVIDUALS WITHOUT*  
10     *QUALIFYING CHILDREN.—In the case of any taxable year*  
11     *beginning in 2019 or 2020—*

12             *“(1) CREDIT ALLOWED FOR CERTAIN INDIVID-*  
13     *UALS OVER AGE 18.—*

14             *“(A) IN GENERAL.—Except in the case of a*  
15     *full-time student (or, in the case of a married in-*  
16     *dividual, except if both the individual and the*  
17     *individual’s spouse are full-time students), sub-*  
18     *section (c)(1)(A)(ii)(II) shall be applied by sub-*  
19     *stituting ‘age 19’ for ‘age 25’.*

20             *“(B) FULL-TIME STUDENT.—For purposes*  
21     *of this paragraph, the term ‘full-time student’*  
22     *means, with respect to a taxable year, an indi-*  
23     *vidual who is an eligible student (as defined in*  
24     *section 25A(b)(3)) during at least 5 calendar*  
25     *months during the taxable year.*

1           “(2) *INCREASE IN MAXIMUM AGE FOR CREDIT.*—  
 2           *Subsection (c)(1)(A)(ii)(II) shall be applied by sub-*  
 3           *stituting ‘age 66’ for ‘age 65’.*

4           “(3) *INCREASE IN CREDIT AND PHASEOUT PER-*  
 5           *CENTAGES.*—*The table contained in subsection (b)(1)*  
 6           *shall be applied by substituting ‘15.3’ for ‘7.65’ each*  
 7           *place it appears therein.*

8           “(4) *INCREASE IN EARNED INCOME AND PHASE-*  
 9           *OUT AMOUNTS.*—

10           “(A) *IN GENERAL.*—*The table contained in*  
 11           *subsection (b)(2)(A) shall be applied—*

12                   “(i) *by substituting ‘\$9,570’ for*  
 13                   *‘\$4,220’, and*

14                   “(ii) *by substituting ‘\$11,310’ for*  
 15                   *‘\$5,280’.*

16           “(B) *COORDINATION WITH INFLATION AD-*  
 17           *JUSTMENT.*—

18                   “(i) *IN GENERAL.*—*In the case of any*  
 19                   *taxable year beginning after 2019, the*  
 20                   *\$9,570 and \$11,310 amounts in subpara-*  
 21                   *graph (A) shall each be increased by an*  
 22                   *amount equal to—*

23                           “(I) *such dollar amount, multi-*  
 24                           *plied by*

1                   “(II) the cost-of-living adjustment  
 2                   determined under section 1(f)(3) for  
 3                   the calendar year in which the taxable  
 4                   year begins, determined by substituting  
 5                   ‘2018’ for ‘2016’ in subparagraph  
 6                   (A)(ii) thereof.

7                   “(ii) ROUNDING.—If any increase  
 8                   under clause (i) is not a multiple of \$10,  
 9                   such increase shall be rounded to the nearest  
 10                  multiple of \$10.

11                  “(iii) COORDINATION WITH OTHER IN-  
 12                  FLATION ADJUSTMENT.—Subsection (j) shall  
 13                  not apply to any dollar amount specified in  
 14                  this paragraph.”.

15                  (b) INFORMATION RETURN MATCHING.—As soon as  
 16                  practicable, the Secretary of the Treasury (or the Sec-  
 17                  retary’s delegate) shall develop and implement procedures  
 18                  for checking an individual’s claim for a credit under section  
 19                  32 of the Internal Revenue Code of 1986, by reason of sub-  
 20                  section (n)(1) thereof, against any information return made  
 21                  with respect to such individual under section 6050S (relat-  
 22                  ing to returns relating to higher education tuition and re-  
 23                  lated expenses).

1       (c) *EFFECTIVE DATE.*—*The amendment made by this*  
 2 *section shall apply to taxable years beginning after Decem-*  
 3 *ber 31, 2018.*

4 **SEC. 102. TAXPAYER ELIGIBLE FOR CHILDLESS EARNED IN-**  
 5 **COME CREDIT IN CASE OF QUALIFYING CHIL-**  
 6 **DREN WHO FAIL TO MEET CERTAIN IDENTI-**  
 7 **FICATION REQUIREMENTS.**

8       (a) *IN GENERAL.*—*Section 32(c)(1) is amended by*  
 9 *striking subparagraph (F).*

10       (b) *EFFECTIVE DATE.*—*The amendment made by this*  
 11 *section shall apply to taxable years beginning after the date*  
 12 *of the enactment of this Act.*

13 **SEC. 103. CREDIT ALLOWED IN CASE OF CERTAIN SEPA-**  
 14 **RATED SPOUSES.**

15       (a) *IN GENERAL.*—*Section 32(d) is amended—*

16               (1) *by striking “MARRIED INDIVIDUALS.—In the*  
 17 *case of” and inserting the following: “MARRIED INDI-*  
 18 *VIDUALS.—*

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

20               (2) *by adding at the end the following new para-*  
 21 *graph:*

22               “(2) *DETERMINATION OF MARITAL STATUS.*—*For*  
 23 *purposes of this section—*

1           “(A) *IN GENERAL.*—*Except as provided in*  
 2           *subparagraph (B), marital status shall be deter-*  
 3           *mined under section 7703(a).*

4           “(B) *SPECIAL RULE FOR SEPARATED*  
 5           *SPOUSE.*—*An individual shall not be treated as*  
 6           *married if such individual—*

7                     *“(i) is married (as determined under*  
 8                     *section 7703(a)) and does not file a joint re-*  
 9                     *turn for the taxable year,*

10                    *“(ii) lives with a qualifying child of*  
 11                    *the individual for more than one-half of*  
 12                    *such taxable year, and*

13                    *“(iii)(I) during the last 6 months of*  
 14                    *such taxable year, does not have the same*  
 15                    *principal place of abode as the individual’s*  
 16                    *spouse, or*

17                    *“(II) has a decree, instrument, or*  
 18                    *agreement (other than a decree of divorce)*  
 19                    *described in section 121(d)(3)(C) with re-*  
 20                    *spect to the individual’s spouse and is not*  
 21                    *a member of the same household with the*  
 22                    *individual’s spouse by the end of the taxable*  
 23                    *year.”.*

24           (b) *CONFORMING AMENDMENTS.*—



(2) Section 32(c)(1)(E)(ii) of such Code is amended by striking “(within the meaning of section 7703)”.

(3) Section 32(d)(1) of such Code, as amended by subsection (a), is amended by striking “(within the meaning of section 7703)”.

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

12 *SEC. 104. ELIMINATION OF DISQUALIFIED INVESTMENT IN-*  
13 *COME TEST.*

14           (a) *IN GENERAL.*—Section 32 of the Internal Revenue  
15   Code of 1986 is amended by striking subsection (i).

16      *(b) CONFORMING AMENDMENTS.—*

17                   (1) Section 32(j)(1) of such Code is amended by  
18                   striking “subsections (b)(2) and (i)(1)” and inserting  
19                   “subsection (b)(2)”.

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

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

(A) by striking subparagraph (B), and

1                   (B) by striking “ROUNDING.—” and all  
 2                   that follows through “If any dollar amount” and  
 3                   inserting the following: “ROUNDING.—If any dol-  
 4                   lar amount”.

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

8                   **SEC. 105. APPLICATION OF EARNED INCOME TAX CREDIT IN**  
 9                   **POSSESSIONS OF THE UNITED STATES.**

10                  (a) *IN GENERAL.*—Chapter 77 of the Internal Revenue  
 11                  Code of 1986 is amended by adding at the end the following  
 12                  new section:

13                  **“SEC. 7529. APPLICATION OF EARNED INCOME TAX CREDIT**  
 14                  **TO POSSESSIONS OF THE UNITED STATES.**

15                  “(a) *PUERTO RICO.*—

16                         “(1) *IN GENERAL.*—With respect to calendar  
 17                         year 2020 and each calendar year thereafter, the Sec-  
 18                         retary shall, except as otherwise provided in this sub-  
 19                         section, make payments to Puerto Rico equal to—

20                                 “(A) the specified matching amount for  
 21                                 such calendar year, plus

22                                 “(B) in the case of calendar years 2020  
 23                                 through 2024, the lesser of—

24                                         “(i) the expenditures made by Puerto  
 25                                         Rico during such calendar year for edu-

1                    *cation efforts with respect to individual tax-*  
2                    *payers and tax return preparers relating to*  
3                    *the earned income tax credit, or*

4                    *“(ii) \$1,000,000.*

5                    *“(2) REQUIREMENT TO REFORM EARNED INCOME*  
6                    *TAX CREDIT.—The Secretary shall not make any pay-*  
7                    *ments under paragraph (1) with respect to any cal-*  
8                    *endar year unless Puerto Rico has in effect an earned*  
9                    *income tax credit for taxable years beginning in or*  
10                   *with such calendar year which (relative to the earned*  
11                   *income tax credit which was in effect for taxable*  
12                   *years beginning in or with calendar year 2019) in-*  
13                   *creases the percentage of earned income which is al-*  
14                   *lowed as a credit for each group of individuals with*  
15                   *respect to which such percentage is separately stated*  
16                   *or determined in a manner designed to substantially*  
17                   *increase workforce participation.*

18                   *“(3) SPECIFIED MATCHING AMOUNT.—For pur-*  
19                   *poses of this subsection—*

20                   *“(A) IN GENERAL.—The term ‘specified*  
21                   *matching amount’ means, with respect to any*  
22                   *calendar year, the lesser of—*

23                   *“(i) the excess (if any) of—*

24                   *“(I) the cost to Puerto Rico of the*  
25                   *earned income tax credit for taxable*

1                   *years beginning in or with such cal-*  
2                   *endar year, over*

3                   “(II) *the base amount for such*  
4                   *calendar year, or*

5                   “(ii) *the product of 3, multiplied by*  
6                   *the base amount for such calendar year.*

7                   “(B) *BASE AMOUNT.—*

8                   “(i) *BASE AMOUNT FOR 2020.—In the*  
9                   *case of calendar year 2020, the term ‘base*  
10                  *amount’ means the greater of—*

11                  “(I) *the cost to Puerto Rico of the*  
12                  *earned income tax credit for taxable*  
13                  *years beginning in or with calendar*  
14                  *year 2019 (rounded to the nearest mul-*  
15                  *tiple of \$1,000,000), or*

16                  “(II) *\$200,000,000.*

17                  “(ii) *INFLATION ADJUSTMENT.—In the*  
18                  *case of any calendar year after 2020, the*  
19                  *term ‘base amount’ means the dollar*  
20                  *amount determined under clause (i) in-*  
21                  *creased by an amount equal to—*

22                  “(I) *such dollar amount, multi-*  
23                  *plied by—*

24                  “(II) *the cost-of-living adjustment*  
25                  *determined under section 1(f)(3) for*

1                    *such calendar year, determined by sub-*  
2                    *stituting ‘calendar year 2019’ for ‘cal-*  
3                    *endar year 2016’ in subparagraph*  
4                    *(A)(ii) thereof.*

5                    *Any amount determined under this clause*  
6                    *shall be rounded to the nearest multiple of*  
7                    *\$1,000,000.*

8                    *“(4) RULES RELATED TO PAYMENTS AND RE-*  
9                    *PORTS.—*

10                    *“(A) TIMING OF PAYMENTS.—The Secretary*  
11                    *shall make payments under paragraph (1) for*  
12                    *any calendar year—*

13                    *“(i) after receipt of the report described*  
14                    *in subparagraph (B) for such calendar*  
15                    *year, and*

16                    *“(ii) except as provided in clause (i),*  
17                    *within a reasonable period of time before*  
18                    *the due date for individual income tax re-*  
19                    *turns (as determined under the laws of*  
20                    *Puerto Rico) for taxable years which began*  
21                    *on the first day of such calendar year.*

22                    *“(B) ANNUAL REPORTS.—With respect to*  
23                    *calendar year 2020 and each calendar year*  
24                    *thereafter, Puerto Rico shall provide to the Sec-*  
25                    *retary a report which shall include—*

1           “(i) *an estimate of the costs described*  
2           *in paragraphs (1)(B)(i) and (3)(A)(i)(I)*  
3           *with respect to such calendar year, and*

4           “(ii) *a statement of such costs with re-*  
5           *spect to the preceding calendar year.*

6           “(C) *ADJUSTMENTS.—*

7           “(i) *IN GENERAL.—In the event that*  
8           *any estimate of an amount is more or less*  
9           *than the actual amount as later determined*  
10           *and any payment under paragraph (1) was*  
11           *determined on the basis of such estimate,*  
12           *proper payment shall be made by, or to, the*  
13           *Secretary (as the case may be) as soon as*  
14           *practicable after the determination that*  
15           *such estimate was inaccurate. Proper ad-*  
16           *justment shall be made in the amount of*  
17           *any subsequent payments made under para-*  
18           *graph (1) to the extent that proper payment*  
19           *is not made under the preceding sentence*  
20           *before such subsequent payments.*

21           “(ii) *ADDITIONAL REPORTS.—The Sec-*  
22           *retary may require such additional periodic*  
23           *reports of the information described in sub-*  
24           *paragraph (B) as the Secretary determines*

1           *appropriate to facilitate timely adjustments*  
2           *under clause (i).*

3           “(D) *DETERMINATION OF COST OF EARNED*  
4           *INCOME TAX CREDIT.*—*For purposes of this sub-*  
5           *section, the cost to Puerto Rico of the earned in-*  
6           *come tax credit shall be determined by the Sec-*  
7           *retary on the basis of the laws of Puerto Rico*  
8           *and shall include reductions in revenues received*  
9           *by Puerto Rico by reason of such credit and re-*  
10          *funds attributable to such credit, but shall not*  
11          *include any administrative costs with respect to*  
12          *such credit.*

13          “(E) *PREVENTION OF MANIPULATION OF*  
14          *BASE AMOUNT.*—*No payments shall be made*  
15          *under paragraph (1) if the earned income tax*  
16          *credit as in effect in Puerto Rico for taxable*  
17          *years beginning in or with calendar year 2019*  
18          *is modified after the date of the enactment of this*  
19          *subsection.*

20          “(b) *POSSESSIONS WITH MIRROR CODE TAX SYS-*  
21          *TEMS.*—

22                 “(1) *IN GENERAL.*—*With respect to calendar*  
23                 *year 2020 and each calendar year thereafter, the Sec-*  
24                 *retary shall, except as otherwise provided in this sub-*  
25                 *section, make payments to the Virgin Islands, Guam,*

1       *and the Commonwealth of the Northern Mariana Is-*  
 2       *lands equal to—*

3               “(A) 75 percent of the cost to such posses-  
 4               sion of the earned income tax credit for taxable  
 5               years beginning in or with such calendar year,  
 6               plus

7               “(B) in the case of calendar years 2020  
 8               through 2024, the lesser of—

9                       “(i) the expenditures made by such  
 10                      possession during such calendar year for  
 11                      education efforts with respect to individual  
 12                      taxpayers and tax return preparers relating  
 13                      to such earned income tax credit, or

14                      “(ii) \$50,000.

15               “(2) *APPLICATION OF CERTAIN RULES.—Rules*  
 16               *similar to the rules of subparagraphs (A), (B), (C),*  
 17               *and (D) of subsection (a)(4) shall apply for purposes*  
 18               *of this subsection.*

19               “(c) *AMERICAN SAMOA.—*

20                      “(1) *IN GENERAL.—With respect to calendar*  
 21                      *year 2020 and each calendar year thereafter, the Sec-*  
 22                      *retary shall, except as otherwise provided in this sub-*  
 23                      *section, make payments to American Samoa equal*  
 24                      *to—*

25                      “(A) *the lesser of—*



1                   “(i) 75 percent of the cost to American  
2                   Samoa of the earned income tax credit for  
3                   taxable years beginning in or with such cal-  
4                   endar year, or

5                   “(ii) \$12,000,000, plus

6                   “(B) in the case of calendar years 2020  
7                   through 2024, the lesser of—

8                   “(i) the expenditures made by Amer-  
9                   ican Samoa during such calendar year for  
10                  education efforts with respect to individual  
11                  taxpayers and tax return preparers relating  
12                  to such earned income tax credit, or

13                  “(ii) \$50,000.

14                  “(2) *REQUIREMENT TO ENACT AND MAINTAIN AN*  
15                  *EARNED INCOME TAX CREDIT.*—The Secretary shall  
16                  not make any payments under paragraph (1) with  
17                  respect to any calendar year unless American Samoa  
18                  has in effect an earned income tax credit for taxable  
19                  years beginning in or with such calendar year which  
20                  allows a refundable tax credit to individuals on the  
21                  basis of the taxpayer’s earned income which is de-  
22                  signed to substantially increase workforce participa-  
23                  tion.

24                  “(3) *INFLATION ADJUSTMENT.*—In the case of  
25                  any calendar year after 2020, the \$12,000,000

1        *amount in paragraph (1)(A)(ii) shall be increased by*  
 2        *an amount equal to—*

3                *“(A) such dollar amount, multiplied by—*

4                *“(B) the cost-of-living adjustment deter-*  
 5                *mined under section 1(f)(3) for such calendar*  
 6                *year, determined by substituting ‘calendar year*  
 7                *2019’ for ‘calendar year 2016’ in subparagraph*  
 8                *(A)(ii) thereof.*

9        *Any increase determined under this clause shall be*  
 10        *rounded to the nearest multiple of \$100,000.*

11                *“(4) APPLICATION OF CERTAIN RULES.—Rules*  
 12                *similar to the rules of subparagraphs (A), (B), (C),*  
 13                *and (D) of subsection (a)(4) shall apply for purposes*  
 14                *of this subsection.*

15                *“(d) TREATMENT OF PAYMENTS.—For purposes of sec-*  
 16        *tion 1324 of title 31, United States Code, the payments*  
 17        *under this section shall be treated in the same manner as*  
 18        *a refund due from a credit provision referred to in sub-*  
 19        *section (b)(2) of such section.”.*

20                *(b) CLERICAL AMENDMENT.—The table of sections for*  
 21        *chapter 77 of such Code is amended by adding at the end*  
 22        *the following new item:*

*“Sec. 7529. Application of earned income tax credit to possessions of the United States.”.*

1       ***TITLE II—CHILD TAX CREDIT***

2       ***SEC. 201. CHILD TAX CREDIT FULLY REFUNDABLE FOR 2019***

3                       ***AND 2020.***

4               (a) *IN GENERAL.*—Section 24(h) is amended by add-  
5       ing at the end the following new paragraph:

6                       “(8) *CREDIT FULLY REFUNDABLE FOR 2019 AND*  
7               *2020.*—In the case of an individual other than a non-  
8               resident alien, for any taxable year beginning in 2019  
9               or 2020—

10                      “(A) paragraph (5) of this subsection shall  
11                      not apply, and

12                      “(B) the increase determined under the first  
13                      sentence of subsection (d)(1) shall be the amount  
14                      determined under subparagraph (A) of such sub-  
15                      section (determined without regard to paragraph  
16                      (4) of this subsection).”.

17               (b) *EFFECTIVE DATE.*—The amendment made by this  
18       section shall apply to taxable years beginning after Decem-  
19       ber 31, 2018.

20       ***SEC. 202. PAYMENTS TO POSSESSIONS.***

21               (a) *MIRROR CODE POSSESSION.*—The Secretary of the  
22       Treasury shall pay to each possession of the United States  
23       with a mirror code tax system amounts equal to the loss  
24       to that possession by reason of the application of section  
25       24 of the Internal Revenue Code of 1986 with respect to

1 *taxable years beginning after 2018. Such amounts shall be*  
2 *determined by the Secretary of the Treasury based on infor-*  
3 *mation provided by the government of the respective posses-*  
4 *sion.*

5       (b) *OTHER POSSESSIONS.—The Secretary of the*  
6 *Treasury shall pay to each possession of the United States*  
7 *which does not have a mirror code tax system amounts esti-*  
8 *mated by the Secretary of the Treasury as being equal to*  
9 *the aggregate benefits that would have been provided to resi-*  
10 *dents of such possession by reason of the application of sec-*  
11 *tion 24 of such Code for taxable years beginning after 2018*  
12 *if the provisions of such section had been in effect in such*  
13 *possession. The preceding sentence shall not apply with re-*  
14 *spect to any possession of the United States unless such pos-*  
15 *session has a plan, which has been approved by the Sec-*  
16 *retary of the Treasury, under which such possession will*  
17 *promptly distribute such payments to the residents of such*  
18 *possession in a manner which replicates to the greatest de-*  
19 *gree practicable the benefits that would have been so pro-*  
20 *vided to each such resident.*

21       (c) *COORDINATION WITH CREDIT ALLOWED AGAINST*  
22 *UNITED STATES INCOME TAXES.—*

23           (1) *IN GENERAL.—No credit shall be allowed*  
24 *against United States income taxes for any taxable*

1       year under section 24 of the Internal Revenue Code  
2       of 1986 to any person—

3               (A) to whom a credit is allowed against  
4       taxes imposed by a possession with a mirror code  
5       tax system by reason of the application of section  
6       24 of such Code in such possession for such tax-  
7       able year, or

8               (B) who is eligible for a payment under a  
9       plan described in subsection (b) with respect to  
10      such taxable year.

11      (2) *RESTRICTION ON REFUNDABLE CREDIT.*—*In*  
12      *the case of any person to whom a credit would be al-*  
13      *lowed against taxes imposed by a possession which*  
14      *does not have a mirror code tax system if the provi-*  
15      *sions of such section 24 had been in effect in such pos-*  
16      *session for the taxable year (and who is not described*  
17      *in paragraph (1)(B)), section 24(h)(8) of such Code*  
18      *(as added by this Act) shall not apply to such person*  
19      *for such taxable year.*

20      (d) *DEFINITIONS AND SPECIAL RULES.*—

21              (1) *POSSESSION OF THE UNITED STATES.*—*For*  
22      *purposes of this section, the term “possession of the*  
23      *United States” includes the Commonwealth of Puerto*  
24      *Rico and the Commonwealth of the Northern Mariana*  
25      *Islands.*

1           (2) *MIRROR CODE TAX SYSTEM.*—*For purposes*  
 2           *of this section, the term “mirror code tax system”*  
 3           *means, with respect to any possession of the United*  
 4           *States, the income tax system of such possession if the*  
 5           *income tax liability of the residents of such possession*  
 6           *under such system is determined by reference to the*  
 7           *income tax laws of the United States as if such pos-*  
 8           *session were the United States.*

9           (3) *TREATMENT OF PAYMENTS.*—*For purposes of*  
 10          *section 1324(b)(2) of title 31, United States Code, the*  
 11          *payments under this section shall be treated in the*  
 12          *same manner as a refund due from the credit allowed*  
 13          *under section 24 of the Internal Revenue Code of*  
 14          *1986.*

15 **SEC. 203. INCREASED CHILD TAX CREDIT FOR CHILDREN**  
 16 **WHO HAVE NOT ATTAINED AGE 4.**

17          (a) *IN GENERAL.*—*Section 24(h)(2) is amended to*  
 18          *read to as follows:*

19                 “(2) *CREDIT AMOUNT.*—

20                         “(A) *IN GENERAL.*—*Except as provided in*  
 21                         *subparagraph (B), subsection (a) shall be ap-*  
 22                         *plied by substituting ‘\$2,000’ for ‘\$1,000’.*

23                         “(B) *TAXABLE YEARS BEGINNING IN 2019*  
 24                         *AND 2020.*—*In the case of any taxable year begin-*  
 25                         *ning in 2019 or 2020, subsection (a) shall be ap-*

plied by substituting ‘\$2,000 (\$3,000 in the case of a qualifying child who has not attained age 4 as of the close of the calendar year in which the taxable year of the taxpayer begins)’ for ‘\$1,000’.”.

(b) *EFFECTIVE DATE.*—The amendment made by this section shall apply to taxable years beginning after December 31, 2018.

## **TITLE III—DEPENDENT CARE ASSISTANCE**

### **SEC. 301. REFUNDABILITY AND ENHANCEMENT OF CHILD AND DEPENDENT CARE TAX CREDIT.**

(a) *IN GENERAL.*—Section 21 is amended by adding at the end the following new subsection:

“(g) *SPECIAL RULES FOR 2019 AND 2020.*—In the case of any taxable year beginning in 2019 or 2020—

“(1) *CREDIT MADE REFUNDABLE.*—In the case of an individual other than a nonresident alien, the credit allowed under subsection (a) shall be treated as a credit allowed under subpart C (and not allowed under this subpart).

“(2) *INCREASE IN APPLICABLE PERCENTAGE.*—Subsection (a)(2) shall be applied—

“(A) by substituting ‘50 percent’ for ‘35 percent’, and

1                   “(B) by substituting ‘\$120,000’ for  
2                   ‘\$15,000’.

3                   “(3) *INCREASE IN DOLLAR LIMIT ON AMOUNT*  
4                   *CREDITABLE.—Subsection (c) shall be applied—*

5                   “(A) by substituting ‘\$6,000’ for ‘\$3,000’ in  
6                   paragraph (1) thereof, and

7                   “(B) by substituting ‘twice the amount in  
8                   effect under paragraph (1)’ for ‘\$6,000’ in para-  
9                   graph (2) thereof.

10                  “(4) *INFLATION ADJUSTMENT OF DOLLAR*  
11                  *AMOUNTS.—In the case of any taxable year beginning*  
12                  *after 2019, the \$120,000 amount in paragraph (2)(B)*  
13                  *and the \$6,000 amount in paragraph (3)(A) shall*  
14                  *each be increased by an amount equal to—*

15                  “(A) such dollar amount, multiplied by

16                  “(B) the cost-of-living adjustment deter-  
17                  mined under section 1(f)(3) for the calendar year  
18                  in which the taxable year begins, determined by  
19                  substituting ‘2018’ for ‘2016’ in subparagraph  
20                  (A)(ii) thereof.

21                  *If any increase determined under this paragraph is*  
22                  *not a multiple of \$100, such increase shall be rounded*  
23                  *to the next lowest multiple of \$100.*

24                  “(5) *INCOME LIMITATION.—*



1           “(A) *IN GENERAL.*—Paragraphs (1) through  
 2           (4) of this subsection shall not apply to any tax-  
 3           payer for any taxable year if the modified ad-  
 4           justed gross income of such taxpayer for such  
 5           taxable year exceeds \$1,000,000.

6           “(B) *MODIFIED ADJUSTED GROSS IN-*  
 7           *COME.*—For purposes of this paragraph, the  
 8           term ‘modified adjusted gross income’ means ad-  
 9           justed gross income determined without regard to  
 10          sections 911, 931, and 933.”.

11          (b) *CONFORMING AMENDMENT.*—Section 1324(b)(2) of  
 12          title 31, United States Code, is amended by inserting “21  
 13          (by reason of subsection (g) thereof),” before “25A”.

14          (c) *COORDINATION WITH POSSESSION TAX SYS-*  
 15          *TEMS.*—Section 21(g)(1) of the Internal Revenue Code of  
 16          1986 (as added by this section) shall not apply to any per-  
 17          son—

18               (1) *to whom a credit is allowed against taxes*  
 19               *imposed by a possession with a mirror code tax sys-*  
 20               *tem by reason of the application of section 21 of such*  
 21               *Code in such possession for such taxable year, or*

22               (2) *to whom a credit would be allowed against*  
 23               *taxes imposed by a possession which does not have a*  
 24               *mirror code tax system if the provisions of section 21*

1        *of such Code had been in effect in such possession for*  
 2        *such taxable year.*

3        *(d) EFFECTIVE DATE.—The amendments made by this*  
 4        *section shall apply to taxable years beginning after Decem-*  
 5        *ber 31, 2018.*

6        **SEC. 302. INCREASE IN EXCLUSION FOR EMPLOYER-PRO-**  
 7        **VIDED DEPENDENT CARE ASSISTANCE.**

8        *(a) IN GENERAL.—Section 129(a)(2) is amended by*  
 9        *adding at the end the following new subparagraph:*

10                *“(D) SPECIAL RULE FOR 2020 AND 2021.—In*  
 11                *the case of any taxable year beginning in 2020*  
 12                *or 2021—*

13                        *“(i) IN GENERAL.—Subparagraph (A)*  
 14                        *shall be applied be substituting ‘\$10,500*  
 15                        *(half such dollar amount’ for ‘\$5,000*  
 16                        *(\$2,500’.*

17                        *“(ii) INFLATION ADJUSTMENT.—In the*  
 18                        *case of any taxable year beginning after*  
 19                        *2020, the \$10,500 amount in clause (i) shall*  
 20                        *be increased by an amount equal to—*

21                                *“(I) such dollar amount, multi-*  
 22                                *plied by*

23                                *“(II) the cost-of-living adjustment*  
 24                                *determined under section 1(f)(3) for*  
 25                                *the calendar year in which the taxable*

1                   year begins, determined by substituting  
 2                   ‘2019’ for ‘2016’ in subparagraph  
 3                   (A)(ii) thereof.

4                   Any increase determined under the pre-  
 5                   ceding sentence which is not a multiple of  
 6                   \$50, shall be rounded to the nearest mul-  
 7                   tiple of \$50.”.

8           (b) *EFFECTIVE DATE.*—The amendment made by this  
 9 section shall apply to taxable years beginning after Decem-  
 10 ber 31, 2019.

11           ***TITLE IV—CERTAIN FRINGE***  
 12           ***BENEFIT EXPENSES***

13   ***SEC. 401. REPEAL OF INCLUSION OF CERTAIN FRINGE BEN-***  
 14           ***EFIT EXPENSES IN UNRELATED BUSINESS***  
 15           ***TAXABLE INCOME.***

16           (a) *IN GENERAL.*—Section 512(a) is amended by strik-  
 17 ing paragraph (7).

18           (b) *EFFECTIVE DATE.*—The amendment made by this  
 19 section shall take effect as if included in the amendments  
 20 made by section 13703 of Public Law 115–97.

Union Calendar No. 307

116<sup>TH</sup> CONGRESS  
2<sup>D</sup> Session

**H. R. 3300**

[Report No. 116-384]

**A BILL**

To amend the Internal Revenue Code of 1986 to provide tax relief for workers and families, and for other purposes.

FEBRUARY 4, 2020

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed