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116TH CONGRESS
2D SESSION

H. R. 7436

To amend the Internal Revenue Code of 1986 to expand tax benefits related to dependent care assistance programs.

IN THE HOUSE OF REPRESENTATIVES

JUNE 30, 2020

Mrs. WALORSKI 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 expand tax benefits related to dependent care assistance programs.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Working Families Childcare Access (WFCA) Act''.

SEC. 2. EXPANSION OF BENEFITS FOR DEPENDENT CARE ASSISTANCE PROGRAMS.

(a) EXPANSION OF ANNUAL MAXIMUM.—

(1) IN GENERAL.—Subparagraph (A) of Section 129(a)(2) of the Internal Revenue Code of 1986 is

amended by striking "$5,000 ($2,500" and inserting "$15,000 ($7,500,".

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall apply to taxable years beginning after December 31, 2020.

(b) CARRYFORWARD OF UNUSED BENEFITS UNDER CAFETERIA PLANS.—

(1) IN GENERAL.—Section 125(d)(2) of the Internal Revenue Code of 1986 is amended by adding at the end the following new subparagraph:

"(E) CARRYFORWARD OF UNUSED BENEFITS UNDER DEPENDENT CARE ASSISTANCE FLEXIBLE SPENDING ARRANGEMENTS.—

"(i) IN GENERAL.—Notwithstanding subparagraph (A), a plan or arrangement may permit a participant in a dependent care assistance flexible spending arrangement to elect to carry forward any aggregate unused balances in the participant's accounts under such arrangement as of the close of any year to the succeeding year. Such carryforward shall be treated as having occurred within 30 days of the close of the year.

"(ii) LIMITATION.—The amount which a participant may elect to carry forward under clause (i) from any year shall be any aggregate unused balances in the participant's account at the close of any year.

"(iii) EXCLUSION FROM GROSS INCOME.—No amount shall be included in gross income under this chapter by reason of any carry forward under this subparagraph.

"(iv) COORDINATION LIMITS.—The maximum amount which may be contributed to a dependent care assistance flexible spending arrangement for any year to which an unused amount is carried under this subparagraph shall not be reduced by such unused amount.".

(2) EFFECTIVE DATE.—The amendments made by this subsection shall take effect on the date of the enactment of this Act.

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