AMENDMENT

OFFERED BY M .

Strike subsection (c) of section 1103.

Add at the end of subtitle B of title I the following:

SEC. 1104. EARNED INCOME CREDIT.

(a) Strengthening the Earned Income Tax Credit for Individuals with No Qualifying Children.—

(1) Credit for certain individuals over age 18.—Section 32(c)(1) is amended by adding at the end the following new subparagraph:

“(G) Special rule for working individuals over age 18 and without qualifying child.—In the case of an individual (or, if the individual is married, either the individual or the individual’s spouse) who has attained the age of 18 but not attained age 25 before the close of the taxable year, paragraph (1)(A)(ii)(II) shall not apply for purposes of determining whether such individual is an eligible individual.”.

(2) Increased Credit.—
(A) CREDIT PERCENTAGE AND PHASEOUT PERCENTAGE.—The table contained in section 32(b)(1) is amended by striking “7.65” each place it appears and inserting “15.3”.

(B) EARNED INCOME AMOUNT AND PHASEOUT AMOUNT.—

(i) IN GENERAL.—The table contained in section 32(b)(2)(A) is amended—

(I) by striking “$4,220” and inserting “$8,820”, and

(II) by striking “$5,280” and inserting “$10,425”.

(ii) INFLATION ADJUSTMENTS.—Section 32(j)(1)(B) is amended—

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

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

“(iii) in the case of the $8,820 and $10,425 amounts in subsection (b)(2)(A), by substituting ‘calendar year 2012’ for
‘calendar year 1992’ in subparagraph (B) of such section 1.”.

(b) TAXPAYER ELIGIBLE FOR CREDIT FOR INDIVIDUALS WITH NO QUALIFYING CHILDREN IF QUALIFYING CHILDREN DO NOT HAVE VALID SOCIAL SECURITY NUMBERS.—Section 32(c)(1)(F) is amended to read as follows:

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

“(i) no qualifying child of such individual is taken into account under subsection (b) by reason of paragraph (3)(D), and

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

(c) CREDIT ALLOWED IN CASE OF CERTAIN SEPARATED SPOUSES.—Section 32(d) is amended—

(1) by striking “MARRIED INDIVIDUALS.—In the case of” and inserting the following: “MARRIED INDIVIDUALS.—
“(1) IN GENERAL.—In the case of”, and

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

“(2) SPECIAL RULE FOR SEPARATED SPOUSE.—An individual shall not be treated as married for purposes of this section if such individual—

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

“(B) lives with a qualifying child of the individual for more than one-half of such taxable year, and

“(C)(i) during the last 6 months such taxable year, does not have the same principal place of abode as the individual’s spouse, or

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

(d) TAXPAYER ELIGIBLE FOR CREDIT WITHOUT QUALIFYING CHILD IF QUALIFYING CHILD CLAIMED BY ANOTHER MEMBER OF FAMILY.—Section 32(c)(1), as amended by subsection (a), is amended by adding at the end the following new subparagraph:
“(II) TAXPAYER ELIGIBLE FOR CREDIT
WITHOUT QUALIFYING CHILD IF QUALIFYING
CHILD CLAIMED BY ANOTHER MEMBER OF FAM-
ILY.—

“(i) IN GENERAL.—If—

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

“(II) such individual is the quali-
fying child of another eligible indi-
vidual for any taxable year beginning
in such calendar year,

such other eligible individual may be treat-
ed as an eligible individual without a qual-
ifying child for purposes of this section for
such taxable year.

“(ii) EXCEPTION FOR QUALIFYING
CHILD CLAIMED BY PARENT.—If an indi-
vidual is claimed as a qualifying child for
any taxable year by a parent of such child,
clause (i) shall not apply with respect to
any other custodial parent of such child.”.
(c) Elimination of Disqualified Investment Income Test.—

(1) In General.—Section 32 is amended by striking subsection (i).

(2) Conforming Amendments.—

(A) 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)”.

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

(i) by striking paragraph (2), and

(ii) by striking “ROUNDING.—” and all that follows through “If any dollar amount” and inserting the following:

“ROUNDING.—If any dollar amount”.

(f) Effective Date.—The amendments made by this section shall apply to taxable years beginning after the date of the enactment of this Act.