

**AMENDMENT TO THE SENATE AMENDMENT TO  
H.R. 1  
OFFERED BY MR. DAVIS OF ILLINOIS**

Strike section 70405 of subchapter A of chapter  
4 of subtitle A of title VII, and replace with  
the following new section:

1   **SEC. 70405. ENHANCEMENT OF CHILD AND DEPENDENT**  
2                   **CARE TAX CREDIT.**

3           (a) **IN GENERAL.**—Section 21(a)(2) is amended to  
4 read as follows:

5                   “(2) **APPLICABLE PERCENTAGE.**—

6                           “(A) **IN GENERAL.**—For purposes of para-  
7 graph (1), the term ‘applicable percentage’  
8 means 50 percent reduced (but not below the  
9 phaseout percentage) by 1 percentage point for  
10 each \$2,000 (or fraction thereof) by which the  
11 taxpayer’s adjusted gross income for the taxable  
12 year exceeds \$125,000.

13                           “(B) **PHASEOUT PERCENTAGE.**—For pur-  
14 poses of subparagraph (A), the term ‘phaseout  
15 percentage’ means 20 percent reduced (but not  
16 below zero) by 1 percentage point for each  
17 \$2,000 (or fraction thereof) by which the tax-

1           payer's adjusted gross income for the taxable  
2           year exceeds \$400,000.”.

3           (b) INCREASE IN DOLLAR LIMIT ON AMOUNT CRED-  
4   ITABLE.—Section 21(c) is amended—

5           (1) in paragraph (1), by striking “\$3,000” and  
6           inserting “\$8,000”; and

7           (2) in paragraph (2), by striking “\$6,000” and  
8           inserting “\$16,000”.

9           (c) SPECIAL RULE FOR MARRIED COUPLES FILING  
10   SEPARATE RETURNS.—Section 21(e)(2) is amended to  
11   read as follows:

12           “(2) MARRIED COUPLES FILING SEPARATE RE-  
13   TURNS.—

14           “(A) IN GENERAL.—In the case of married  
15           individuals who do not file a joint return for the  
16           taxable year—

17           “(i) the applicable percentage under  
18           subsection (a)(2) and the number of quali-  
19           fying individuals and aggregate amount ex-  
20           cludable under section 129 for purposes of  
21           subsection (c) shall be determined with re-  
22           spect to each such individual as if the indi-  
23           vidual had filed a joint return with the in-  
24           dividual's spouse, and

1           “(ii) the aggregate amount of the  
2           credits allowed under this section for such  
3           taxable year with respect to both spouses  
4           shall not exceed the amount which would  
5           have been allowed under this section if the  
6           individuals had filed a joint return.

7           “(B) REGULATIONS.—The Secretary shall  
8           prescribe such regulations or other guidance as  
9           is necessary to carry out the purposes of this  
10          subsection.”.

11       (d) ADJUSTMENT FOR INFLATION.—Section 21 is  
12       amended by adding at the end the following new sub-  
13       section:

14       “(i) INFLATION ADJUSTMENT.—

15           “(1) IN GENERAL.—In the case of a calendar  
16           year beginning after 2025, the \$125,000 amount in  
17           paragraph (2) of subsection (a) and the dollar  
18           amounts in subsection (c) shall each be increased by  
19           an amount equal to—

20           “(A) such dollar amount, multiplied by

21           “(B) the cost-of-living adjustment deter-  
22           mined under section 1(f)(3) for the calendar  
23           year in which the taxable year begins, deter-  
24           mined by substituting ‘calendar year 2024’ for

1           ‘calendar year 2016’ in subparagraph (A)(ii)  
2           thereof.

3           “(2) ROUNDING.—If any dollar amount, after  
4           being increased under paragraph (1), is not a mul-  
5           tiple of \$100, such dollar amount shall be rounded  
6           to the next lowest multiple of \$100.”.

7           (e) CREDIT MADE REFUNDABLE.—Section 21(g) is  
8           amended to read as follows:

9           “(g) CREDIT MADE REFUNDABLE FOR CERTAIN IN-  
10          DIVIDUALS.—If the taxpayer (in the case of a joint return,  
11          either spouse) has a principal place of abode in the United  
12          States (determined as provided in section 32) for more  
13          than one-half of the taxable year, the credit allowed under  
14          subsection (a) shall be treated as a credit allowed under  
15          subpart C (and not allowed under this subpart).”.

16          (f) EFFECTIVE DATE.—The amendments made by  
17          this section shall apply to taxable years beginning after  
18          December 31, 2024.

