AMENDMENT TO RULES COMMITTEE PRINT 115–39

OFFERED BY MR. KENNEDY OF MASSACHUSETTS

Beginning at page 170, strike line 1 and all that follows through page 175, line 11 and insert the following:

Subtitle G—Earned Income Tax
Credit Improvement and Simplification

SEC. 1601. STRENGTHENING THE EARNED INCOME TAX CREDIT FOR INDIVIDUALS WITH NO QUALIFYING CHILDREN.

(a) Credit for Certain Individuals Over Age 21.—

(1) In general.—Section 32(c)(1) of the Internal Revenue Code of 1986 is amended by adding at the end the following new subparagraph:

“(G) Special rule for working individuals over age 20 and without qualifying child.—

“(i) In general.—In the case of an individual (or, if the individual is married, either the individual or the individual’s spouse) who—
“(I) has attained the age of 21 but not attained age 25 before the close of the taxable year, and

“(II) is not a full-time student at any time during the taxable year,

paragraph (1)(A)(ii)(II) shall not apply for purposes of determining whether such individual is an eligible individual.

“(ii) STUDENT.—For purposes of this subparagraph, an individual shall be considered a full-time student if such individual is carrying more than 1⁄2 the normal full-time work load for the course of study the individual is pursuing.”.

(2) INFORMATION RETURN MATCHING.—Not later than 1 year after the date of the enactment of this Act, the Secretary of the Treasury shall develop and implement procedures for checking an individual’s claim for a credit under section 32 of the Internal Revenue Code of 1986, by reason of subsection (c)(1)(G) thereof, against any information return made with respect to such individual under section 6050S (relating to returns relating to higher education tuition and related expenses).

(b) INCREASED CREDIT.—
(1) Credit Percentage and Phaseout Percentage.—The table contained in section 32(b)(1) of such Code is amended by striking “7.65” each place it appears and inserting “15.3”.

(2) Earned Income Amount and Phaseout Amount.—

(A) In General.—The table contained in section 32(b)(2)(A) of such Code is amended—

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

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

(B) Inflation Adjustments.—Section 32(j)(1)(B) of such Code 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.”.

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

SEC. 1602. TAXPAYER ELIGIBLE FOR CREDIT FOR INDIVIDUALS WITH NO QUALIFYING CHILDREN IF QUALIFYING CHILDREN DO NOT HAVE VALID SOCIAL SECURITY NUMBERS.

(a) IN GENERAL.—Section 32(c)(1)(F) of the Internal Revenue Code of 1986 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.”.
(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after the date of the enactment of this Act.

SEC. 1603. CREDIT ALLOWED IN CASE OF CERTAIN SEPARATED SPOUSES.

(a) IN GENERAL.—Section 32(d) of the Internal Revenue Code of 1986 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.”.

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

SEC. 1604. TAXPAYER ELIGIBLE FOR CREDIT WITHOUT QUALIFYING CHILD IF QUALIFYING CHILD CLAIMED BY ANOTHER MEMBER OF FAMILY.

(a) In General.—Section 32(c)(1) of the Internal Revenue Code of 1986, as amended by section 1601, is amended by adding at the end the following new subparagraph:

“(H) Taxpayer eligible for credit without qualifying child if qualifying child claimed by another member of family.—

“(i) In general.—If—

“(I) an individual is claimed as a qualifying child by an eligible individual for any taxable year of such eligible individual beginning in a calendar year, and
“(II) such individual is the qualifying child of another eligible individual for any taxable year beginning in such calendar year, such other eligible individual may be treated as an eligible individual without a qualifying child for purposes of this section for such taxable year.

“(ii) Exception for qualifying child claimed by parent.—If an individual 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.”.

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

SEC. 1605. ELIMINATION OF DISQUALIFIED INVESTMENT INCOME TEST.

(a) In General.—Section 32 of the Internal Revenue Code of 1986 is amended by striking subsection (i).

(b) Conforming Amendments.—

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

(A) by striking paragraph (2), and

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

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