

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 169 Session of 2023

INTRODUCED BY R. MACKENZIE, KUTZ, M. BROWN, JOZWIAK, KAUFER, HOGAN, GILLEN, M. MACKENZIE, ADAMS, BURGOS, MARCELL, E. NELSON, OWLETT, PICKETT, PROBST, RADER AND STRUZZI, MAY 24, 2023

REFERRED TO COMMITTEE ON FINANCE, MAY 24, 2023

AN ACT

1 Amending the act of March 4, 1971 (P.L.6, No.2), entitled "An  
 2 act relating to tax reform and State taxation by codifying  
 3 and enumerating certain subjects of taxation and imposing  
 4 taxes thereon; providing procedures for the payment,  
 5 collection, administration and enforcement thereof; providing  
 6 for tax credits in certain cases; conferring powers and  
 7 imposing duties upon the Department of Revenue, certain  
 8 employers, fiduciaries, individuals, persons, corporations  
 9 and other entities; prescribing crimes, offenses and  
 10 penalties," in Pennsylvania child and dependent care  
 11 enhancement tax credit program, further providing for credit  
 12 for child and dependent care employment-related expenses.

13 The General Assembly of the Commonwealth of Pennsylvania  
 14 hereby enacts as follows:

15 Section 1. Section 1903-I(b) of the act of March 4, 1971  
 16 (P.L.6, No.2), known as the Tax Reform Code of 1971, added July  
 17 8, 2022 (P.L.513, No.53), is amended to read:

18 Section 1903-I. Credit for child and dependent care employment-  
 19 related expenses.

20 \* \* \*

21 (b) Amount of tax credit.--The amount of the tax credit  
 22 under subsection (a) shall be equal to [30% of] the following:

1           (1) (i) For the taxable year beginning after December  
2 31, 2021, 30% of the actual amount of employment-related  
3 expenses incurred by the taxpayer and claimed for the  
4 Federal tax credit under section 21 of the Internal  
5 Revenue Code of 1986 during the prior taxable year, or  
6 the following, as applicable, whichever is less:

7                   [(i)] (A) \$3,000 for one qualifying individual  
8 with respect to the taxpayer; or

9                   [(ii)] (B) \$6,000 for two or more qualifying  
10 individuals with respect to the taxpayer; multiplied  
11 by

12                   [(2)] (ii) the applicable percent, with respect to  
13 the taxpayer, in effect for the taxable year beginning  
14 after December 31, 2021, and ending before January 1,  
15 2023.

16           (2) For the taxable year beginning after December 31,  
17 2022, 50% of:

18                   (i) the actual amount of employment-related expenses  
19 incurred by the taxpayer and claimed for the Federal tax  
20 credit under section 21 of the Internal Revenue Code of  
21 1986 during the prior taxable year, or the following, as  
22 applicable, whichever is less:

23                           (A) \$3,000 for one qualifying individual with  
24 respect to the taxpayer; or

25                           (B) \$6,000 for two or more qualifying  
26 individuals with respect to the taxpayer; multiplied  
27 by

28                   (ii) the applicable percent, with respect to the  
29 taxpayer, in effect for the taxable year beginning after  
30 December 31, 2021, and ending before January 1, 2023.

1           (3) For the taxable year beginning after December 31,  
2 2023, 75% of:

3           (i) the actual amount of employment-related expenses  
4 incurred by the taxpayer and claimed for the Federal tax  
5 credit under section 21 of the Internal Revenue Code of  
6 1986 during the prior taxable year, or the following, as  
7 applicable, whichever is less:

8                   (A) \$3,000 for one qualifying individual with  
9 respect to the taxpayer; or

10                   (B) \$6,000 for two or more qualifying  
11 individuals with respect to the taxpayer; multiplied  
12 by

13           (ii) the applicable percent, with respect to the  
14 taxpayer, in effect for the taxable year beginning after  
15 December 31, 2021, and ending before January 1, 2023.

16           (4) For the taxable year beginning after December 31,  
17 2024, and each taxable year thereafter:

18           (i) the actual amount of employment-related expenses  
19 incurred by the taxpayer and claimed for the Federal tax  
20 credit under section 21 of the Internal Revenue Code of  
21 1986 during the prior taxable year, or the following, as  
22 applicable, whichever is less:

23                   (A) \$3,000 for one qualifying individual with  
24 respect to the taxpayer; or

25                   (B) \$6,000 for two or more qualifying  
26 individuals with respect to the taxpayer; multiplied  
27 by

28           (ii) the applicable percent, with respect to the  
29 taxpayer, in effect for the taxable year beginning after  
30 December 31, 2021, and ending before January 1, 2023.

1 \* \* \*

2 Section 2. This act shall take effect immediately.