

116TH CONGRESS  
1ST SESSION

# H. R. 2879

To amend the Internal Revenue Code of 1986 to provide further tax incentives for dependent care assistance.

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## IN THE HOUSE OF REPRESENTATIVES

MAY 21, 2019

Ms. SÁNCHEZ (for herself and Mr. KELLY of Pennsylvania) 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 provide further tax incentives for dependent care assistance.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Working Families Re-  
5 lief Act”.

6 **SEC. 2. EXPANSION OF EXCLUSION FOR DEPENDENT CARE**

7 **ASSISTANCE PROGRAMS.**

8 (a) IN GENERAL.—Section 129(a)(2)(A) of the Inter-  
9 nal Revenue Code of 1986 is amended by striking “shall  
10 not exceed \$5,000 (\$2,500 in the case of a separate return

1 by a married individual).” and inserting “shall not ex-  
2 ceed—

3 “(i) except as provided in clause (ii),  
4 \$10,500, and

5 “(ii) in the case of a separate return  
6 by a married individual,  $\frac{1}{2}$  the amount in  
7 effect for the taxable year under clause  
8 (i).”.

9 (b) INFLATION ADJUSTMENT.—Section 129(a)(2) of  
10 such Code is amended by adding at the end the following  
11 new subparagraph:

12 “(D) ADJUSTMENT FOR INFLATION.—In  
13 the case of taxable years beginning after De-  
14 cember 31, 2020, the \$10,500 amount under  
15 subparagraph (A)(i) shall be increased by an  
16 amount equal to—

17 “(i) such dollar amount, multiplied by

18 “(ii) the cost-of-living adjustment de-  
19 termined under section 1(f)(3) for the cal-  
20 endar year in which the taxable year be-  
21 gins, determined by substituting ‘calendar  
22 year 2019’ for ‘calendar year 2016’ in sub-  
23 paragraph (A)(ii) thereof.

24 If any amount as adjusted under the preceding  
25 sentence is not a multiple of \$100, such amount

1           shall be rounded to the next lowest multiple of  
2           \$100.”.

3           (c) EFFECTIVE DATE.—The amendments made by  
4 this section shall apply to amounts paid or incurred in tax-  
5 able years beginning after December 31, 2019.

6 **SEC. 3. ALLOWANCE OF CREDIT FOR SMALL EMPLOYER DE-**  
7                   **PENDENT CARE ASSISTANCE PROGRAM**  
8                   **START-UP COSTS.**

9           (a) IN GENERAL.—Section 45E of the Internal Rev-  
10 enue Code of 1986 is amended—

11           (1) by striking “pension plan” in subsection (a)  
12           and inserting “employee benefit”, and

13           (2) by adding at the end the following new sub-  
14           section:

15           “(f) APPLICATION TO DEPENDENT CARE ASSIST-  
16 ANCE PROGRAMS.—

17           “(1) IN GENERAL.—A dependent care assist-  
18           ance program of an eligible employer which meets  
19           the requirements of section 129(d) shall be treated  
20           as an eligible employer plan for purposes of this sec-  
21           tion.

22           “(2) SEPARATE APPLICATION.—This section  
23           (including the limitation under subsection (b)) shall  
24           be applied separately with respect to any such de-  
25           pendent care assistance program of the eligible em-

1       ployer and other eligible employer plans of such eli-  
2       gible employer.”.

3       (b) CONFORMING AMENDMENTS.—

4             (1) Section 38(b)(14) of the Internal Revenue  
5       Code of 1986 is amended by striking “pension plan”  
6       and inserting “employee benefit”.

7             (2) The heading for section 45E of such Code  
8       is amended by striking “**PENSION PLAN**” and in-  
9       serting “**EMPLOYEE BENEFIT**”.

10            (3) The table of sections for subpart D of part  
11       IV of subchapter A of chapter 1 of such Code is  
12       amended by striking “pension plan” in the item re-  
13       lating to section 45E and inserting “employee ben-  
14       efit”.

15       (c) EFFECTIVE DATE.—The amendments made by  
16       this section shall apply to costs paid or incurred in taxable  
17       years beginning after December 31, 2019, with respect to  
18       dependent care assistance programs first effective after  
19       such date.

20       **SEC. 4. CREDIT FOR MATCHING DEPENDENT CARE ASSIST-**  
21                               **ANCE PROGRAM CONTRIBUTIONS BY EM-**  
22                               **PLOYERS.**

23       (a) IN GENERAL.—Subpart D of part IV of sub-  
24       chapter A of chapter 1 of the Internal Revenue Code of

1 1986 is amended by inserting after section 45S the fol-  
2 lowing new section:

3 **“SEC. 45T. CREDIT FOR EMPLOYER DEPENDENT CARE AS-**  
4 **SISTANCE PROGRAM MATCHING CONTRIBU-**  
5 **TIONS.**

6 “(a) IN GENERAL.—For purposes of section 38, the  
7 employer dependent care assistance matching contribution  
8 credit determined under this section for any taxable year  
9 is an amount equal to the lesser of—

10 “(1) the amount of contributions made by the  
11 employer with respect to employees to a dependent  
12 care assistance program that meets the requirements  
13 of section 129(d), or

14 “(2) the amount of contributions to such de-  
15 pendent care assistance program elected by such em-  
16 ployees under a cafeteria plan of the employer to  
17 which section 125 applies.

18 “(b) LIMITATION.—The credit allowed under sub-  
19 section (a) for any taxable year with respect to any em-  
20 ployee shall not exceed \$1,000.

21 “(c) DEFINITIONS.—Any term used in this section  
22 which is used in section 129 shall have the meaning given  
23 such term under section 129.”

24 (b) CONFORMING AMENDMENTS.—

1           (1) Section 38(b) of the Internal Revenue Code  
2           of 1986 is amended by striking “plus” at the end of  
3           paragraph (31), by striking the period at the end of  
4           paragraph (32) and inserting “, plus”, and by add-  
5           ing at the end the following new paragraph:

6           “(33) the employer dependent care assistance  
7           matching contribution credit determined under sec-  
8           tion 45T(a).”.

9           (2) The table of sections for subpart D of part  
10          IV of subchapter A of chapter 1 of the Internal Rev-  
11          enue Code of 1986 is amended by inserting after the  
12          item relating to section 45S the following new item:

“Sec. 45T. Credit for employer dependent care assistance program matching  
contributions.”.

13          (c) EFFECTIVE DATE.—The amendments made by  
14          this section shall apply to taxable years beginning after  
15          December 31, 2019.

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