

114TH CONGRESS
1ST SESSION

S. 1012

To amend the Internal Revenue Code of 1986 to strengthen the earned income tax credit and make permanent certain tax provisions under the American Recovery and Reinvestment Act of 2009.

IN THE SENATE OF THE UNITED STATES

APRIL 20, 2015

Mr. BROWN (for himself, Mr. DURBIN, Mr. REID, Mr. SCHUMER, Mrs. MURRAY, Mr. WYDEN, Ms. STABENOW, Mr. CASEY, Mr. CARPER, Ms. CANTWELL, Mr. BENNET, Mr. MENENDEZ, Mr. CARDIN, Mr. NELSON, Mr. WARNER, Mr. KING, Mr. TESTER, Mr. SANDERS, Mr. BOOKER, Ms. KLOBUCHAR, Mr. PETERS, Mr. MERKLEY, Mr. MARKEY, Mrs. BOXER, Ms. WARREN, Mr. WHITEHOUSE, Mr. COONS, Mr. FRANKEN, Mrs. GILLIBRAND, Mr. REED, Ms. HIRONO, Mr. SCHATZ, Mr. BLUMENTHAL, Mr. UDALL, Mr. LEAHY, Mrs. SHAHEEN, Mr. HEINRICH, Mr. MURPHY, Ms. BALDWIN, Ms. HEITKAMP, Ms. MIKULSKI, Mr. KAINE, Mrs. FEINSTEIN, and Mrs. MCCASKILL) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to strengthen the earned income tax credit and make permanent certain tax provisions under the American Recovery and Reinvestment Act of 2009.

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

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Working Families Tax
3 Relief Act of 2015”.

4 **SEC. 2. PERMANENT EXTENSION OF AND MODIFICATIONS**
5 **TO THE CHILD TAX CREDIT.**

6 (a) **PERMANENT EXTENSION OF INCREASE IN RE-**
7 **FUNDABLE PORTION.—**

8 (1) **IN GENERAL.—**Clause (i) of section
9 24(d)(1)(B) of the Internal Revenue Code of 1986
10 is amended by striking “\$10,000” and inserting
11 “\$3,000”.

12 (2) **CONFORMING AMENDMENT.—**Subsection (d)
13 of section 24 of such Code is amended by striking
14 paragraph (4).

15 (3) **ELIMINATION OF INFLATION ADJUST-**
16 **MENT.—**Subsection (d) of section 24 of such Code is
17 amended by striking paragraph (3).

18 (b) **INFLATION ADJUSTMENTS.—**Section 24 of the
19 Internal Revenue Code of 1986 is amended by adding at
20 the end the following new subsection:

21 “(g) **INFLATION ADJUSTMENTS.—**

22 “(1) **IN GENERAL.—**In the case of any taxable
23 year beginning in a calendar year after 2014, the
24 \$1,000 amount in subsection (a) and each of the
25 dollar amounts in subsection (b)(2) shall each be in-
26 creased by an amount equal to—

1 “(A) such dollar amount, multiplied by

2 “(B) the cost-of-living adjustment deter-
3 mined under section 1(f)(3) for the calendar
4 year in which the taxable year begins, deter-
5 mined by substituting ‘calendar year 2011’ for
6 ‘calendar year 1992’ in subparagraph (B)
7 thereof.

8 “(2) ROUNDING.—Any increase determined
9 under the preceding sentence shall be rounded to the
10 nearest multiple of \$50.”.

11 (c) EFFECTIVE DATE.—The amendments made by
12 this section shall apply to taxable years beginning after
13 December 31, 2014.

14 **SEC. 3. PERMANENT EXTENSION OF MODIFICATIONS TO**
15 **EARNED INCOME TAX CREDIT.**

16 (a) INCREASE IN CREDIT PERCENTAGE FOR FAMI-
17 LIES WITH 3 OR MORE CHILDREN.—Paragraph (1) of
18 section 32(b) of the Internal Revenue Code of 1986 is
19 amended—

20 (1) by striking “The credit” and inserting the
21 following:

22 “(A) IN GENERAL.—The credit”, and

23 (2) by adding at the end the following new sub-
24 paragraph:

1 “(B) INCREASED CREDIT PERCENTAGE
2 FOR FAMILIES WITH 3 OR MORE QUALIFYING
3 CHILDREN.—In the case of an eligible indi-
4 vidual with 3 or more qualifying children, the
5 table in subparagraph (A) shall be applied by
6 substituting ‘45’ for ‘40’ in the second column
7 thereof.”.

8 (b) JOINT RETURNS.—

9 (1) IN GENERAL.—Subparagraph (B) of section
10 32(b)(2) of the Internal Revenue Code of 1986 is
11 amended by striking “\$3,000” and inserting
12 “\$5,000.”.

13 (2) INFLATION ADJUSTMENTS.—Clause (ii) of
14 section 32(j)(1)(B) of such Code is amended—

15 (A) by striking “\$3,000” and inserting
16 “\$5,000”,

17 (B) by striking “subsection (b)(2)(B)(iii)”
18 and inserting “subsection (b)(2)(B)”, and

19 (C) by striking “calendar year 2007” and
20 inserting “calendar year 2008”.

21 (c) CONFORMING AMENDMENT.—Section 32(b)of
22 such Code is amended by striking paragraph (3).

23 (d) EFFECTIVE DATE.—The amendments made by
24 this section shall apply to taxable years beginning after
25 December 31, 2014.

1 **SEC. 4. STRENGTHENING THE EARNED INCOME TAX CRED-**
2 **IT.**

3 (a) INCREASED CREDIT FOR INDIVIDUALS WITH NO
4 QUALIFYING CHILDREN.—

5 (1) IN GENERAL.—The table in subparagraph
6 (A) of section 32(b)(2) of the Internal Revenue Code
7 of 1986 is amended—

8 (A) by striking “\$4,220” in the second col-
9 umn and inserting “\$8,820”, and

10 (B) by striking “\$5,280” in the last col-
11 umn and inserting “\$10,425”.

12 (2) INFLATION ADJUSTMENTS.—Subparagraph
13 (B) of section 32(j)(1) of the Internal Revenue Code
14 of 1986, as amended by this Act, is amended—

15 (A) in clause (i)—

16 (i) by inserting “(except as provided
17 in clause (iii))” after “(b)(2)(A)”, and

18 (ii) by striking “and” at the end, and

19 (B) by adding at the end the following new
20 clause:

21 “(iii) in the case of the \$8,820 and
22 \$10,4250 amount in the table in sub-
23 section (b)(2)(A), by substituting ‘calendar
24 year 2011’ for ‘calendar year 1992’ in sub-
25 paragraph (B) of such section 1.”.

1 (b) CREDIT INCREASE AND REDUCTION IN PHASE-
 2 OUT FOR INDIVIDUALS WITH NO CHILDREN.—The table
 3 contained in section 32(b)(1)(A) of the Internal Revenue
 4 Code of 1986, as amended by this Act, is amended—

5 (1) by striking “7.65” in the second column of
 6 the third row and inserting “15.3”, and

7 (2) by striking “7.65” in the third column of
 8 the third row and inserting “15.3”.

9 (c) CREDIT ALLOWED FOR CERTAIN CHILDLESS IN-
 10 DIVIDUALS OVER AGE 21.—Subclause (II) of section
 11 32(c)(1)(A)(ii) of the Internal Revenue Code of 1986 is
 12 amended by striking “age 25” and inserting “age 21”.

13 (d) EFFECTIVE DATES.—The amendments made by
 14 this section shall apply to taxable years beginning after
 15 December 31, 2014.

16 **SEC. 5. SIMPLIFYING THE EARNED INCOME TAX CREDIT.**

17 (a) MODIFICATION OF ABANDONED SPOUSE RULE.—

18 (1) IN GENERAL.—Section 32(c)(1) of the In-
 19 ternal Revenue Code of 1986 is amended by adding
 20 at the end the following new paragraph:

21 “(G) CERTAIN MARRIED INDIVIDUALS LIV-
 22 ING APART.—For purposes of this section, an
 23 individual who—

1 “(i) is married (within the meaning of
2 section 7703(a)) and files a separate re-
3 turn for the taxable year,

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

7 “(iii)(I) during the last 6 months of
8 such taxable year, does not have the same
9 principal place of abode as the individual’s
10 spouse, or

11 “(II) has a legally binding separation
12 agreement with the individual’s spouse and
13 is not a member of the same household
14 with the individual’s spouse by the end of
15 the taxable year,

16 shall not be considered as married.”.

17 (2) CONFORMING AMENDMENTS.—

18 (A) The last sentence of section
19 32(c)(1)(A) of the Internal Revenue Code of
20 1986 is amended by striking “section 7703”
21 and inserting “section 7703(a)”.

22 (B) Section 32(d) of such Code is amended
23 by striking “In the case of an individual who is
24 married (within the meaning of section 7703)”
25 and inserting “In the case of an individual who

1 is married (within the meaning of section
2 7703(a)) and is not described in subsection
3 (c)(1)(G)”.

4 (b) ELIMINATION OF DISQUALIFIED INVESTMENT
5 INCOME TEST.—

6 (1) IN GENERAL.—Section 32 of the Internal
7 Revenue Code of 1986 is amended by striking sub-
8 section (i).

9 (2) CONFORMING AMENDMENTS.—

10 (A) Section 32(j)(1)(B)(i) of such Code, as
11 amended by this Act, is amended—

12 (i) by striking “subsections” and in-
13 serting “subsection”, and

14 (ii) by striking “and (i)(1)”.

15 (B) Section 32(j)(2) of such Code is
16 amended to read as follows:

17 “(2) ROUNDING.—If any dollar amount in sub-
18 section (b)(2)(A) (after being increased under sub-
19 paragraph (B) thereof), after being increased under
20 paragraph (1), is not a multiple of \$10, such
21 amount shall be rounded to the next nearest mul-
22 tiple of \$10.”.

23 (c) SIMPLIFICATION OF RULES REGARDING PRES-
24 ENCE OF QUALIFYING CHILD.—

1 (1) TAXPAYER ELIGIBLE FOR CREDIT FOR
2 WORKER WITHOUT QUALIFYING CHILD IF QUALI-
3 FYING CHILD CLAIMED BY ANOTHER MEMBER OF
4 FAMILY.—Section 32(c)(1) of the Internal Revenue
5 Code of 1986, as amended by this Act, is amended
6 by adding at the end the following new paragraph:

7 “(H) TAXPAYER ELIGIBLE FOR CREDIT
8 FOR WORKER WITHOUT QUALIFYING CHILD IF
9 QUALIFYING CHILD CLAIMED BY ANOTHER
10 MEMBER OF FAMILY.—

11 “(i) GENERAL RULE.—Except as pro-
12 vided in clause (ii), in the case of 2 or
13 more eligible individuals who may claim for
14 such taxable year the same individual as a
15 qualifying child, if such individual is
16 claimed as a qualifying child by such an el-
17 igible individual, then any other such eligi-
18 ble individual who does not make such a
19 claim of such child or of any other quali-
20 fying child may be considered an eligible
21 individual without a qualifying child for
22 purposes of the credit allowed under this
23 section for such taxable year.

24 “(ii) EXCEPTION IF QUALIFYING
25 CHILD CLAIMED BY PARENT.—If an indi-

1 vidual is claimed as a qualifying child for
2 any taxable year by an eligible individual
3 who is a parent of such child, then no
4 other custodial parent of such child who
5 does not make such a claim of such child
6 may be considered an eligible individual
7 without a qualifying child for purposes of
8 the credit allowed under this section for
9 such taxable year.”.

10 (2) TAXPAYER ELIGIBLE FOR CREDIT FOR
11 WORKER WITHOUT QUALIFYING CHILD IF QUALI-
12 FYING CHILDREN DO NOT HAVE VALID SOCIAL SECU-
13 RITY NUMBER.—Subparagraph (F) of section
14 32(c)(1) of the Internal Revenue Code of 1986 is
15 amended to read as follows:

16 “(F) INDIVIDUALS WHO DO NOT INCLUDE
17 TIN, ETC., OF ANY QUALIFYING CHILD.—In the
18 case of any eligible individual who has one or
19 more qualifying children, if no qualifying child
20 of such individual is taken into account under
21 subsection (b) by reason of paragraph (3)(D),
22 for purposes of the credit allowed under this
23 section, such individual may be considered an
24 eligible individual without a qualifying child.”.

1 (d) EFFECTIVE DATES.—The amendments made by
2 this section shall apply to taxable years beginning after
3 December 31, 2014.

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