

118TH CONGRESS
2D SESSION

S. 3657

To amend the Internal Revenue Code of 1986 to enhance the Child and Dependent Care Tax Credit and make the credit fully refundable for certain taxpayers.

IN THE SENATE OF THE UNITED STATES

JANUARY 24, 2024

Mr. CASEY (for himself, Mr. WYDEN, Mrs. MURRAY, Ms. BALDWIN, Mr. BENNET, Mr. BLUMENTHAL, Mr. BOOKER, Mr. BROWN, Mr. CARDIN, Ms. CANTWELL, Ms. CORTEZ MASTO, Ms. DUCKWORTH, Mr. DURBIN, Mrs. GILLIBRAND, Mr. HEINRICH, Ms. HIRONO, Mr. KING, Ms. KLOBUCHAR, Mr. MENENDEZ, Mr. MERKLEY, Mr. MURPHY, Mr. PADILLA, Mr. REED, Mr. SCHATZ, Mrs. SHAHEEN, Ms. SMITH, Ms. STABENOW, Mr. VAN HOLLEN, Mr. WARNOCK, Mr. WELCH, and Mr. WHITEHOUSE) 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 enhance the Child and Dependent Care Tax Credit and make the credit fully refundable for certain taxpayers.

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 “Child and Dependent
5 Care Tax Credit Enhancement Act of 2024”.

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

3 (a) IN GENERAL.—Paragraph (2) of section 21(a) of
4 the Internal Revenue Code of 1986 is amended to read
5 as follows:

6 “(2) APPLICABLE PERCENTAGE.—

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

14 “(B) PHASEOUT PERCENTAGE.—For pur-
15 poses of subparagraph (A), the term ‘phaseout
16 percentage’ means 20 percent reduced (but not
17 below zero) by 1 percentage point for each
18 \$2,000 (or fraction thereof) by which the tax-
19 payer’s adjusted gross income for the taxable
20 year exceeds \$400,000.”.

21 (b) INCREASE IN DOLLAR LIMIT ON AMOUNT CRED-
22 ITABLE.—Subsection (c) of section 21 of the Internal Rev-
23 enue Code of 1986 is amended—

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

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

3 (c) SPECIAL RULE FOR MARRIED COUPLES FILING
4 SEPARATE RETURNS.—Paragraph (2) of section 21(e) of
5 the Internal Revenue Code of 1986 is amended to read
6 as follows:

7 “(2) MARRIED COUPLES FILING SEPARATE RE-
8 TURNS.—

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

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

20 “(ii) the aggregate amount of the
21 credits allowed under this section for such
22 taxable year with respect to both spouses
23 shall not exceed the amount which would
24 have been allowed under this section if the
25 individuals had filed a joint return.

1 “(B) REGULATIONS.—The Secretary shall
2 prescribe such regulations or other guidance as
3 is necessary to carry out the purposes of this
4 subsection.”.

5 (d) ADJUSTMENT FOR INFLATION.—Section 21 of
6 the Internal Revenue Code of 1986 is amended by adding
7 at the end the following new subsection:

8 “(i) INFLATION ADJUSTMENT.—

9 “(1) IN GENERAL.—In the case of a calendar
10 year beginning after 2024, the \$125,000 amount in
11 paragraph (2) of subsection (a) and the dollar
12 amounts in subsection (c) shall each be increased by
13 an amount equal to—

14 “(A) such dollar amount, multiplied by

15 “(B) the cost-of-living adjustment deter-
16 mined under section 1(f)(3) for the calendar
17 year in which the taxable year begins, deter-
18 mined by substituting ‘calendar year 2023’ for
19 ‘calendar year 2016’ in subparagraph (A)(ii)
20 thereof.

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

1 (e) CREDIT MADE REFUNDABLE.—Section 21(g) of
2 the Internal Revenue Code of 1986 is amended to read
3 as follows:

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

11 (f) EFFECTIVE DATE.—The amendments made by
12 this section shall apply to taxable years beginning after
13 December 31, 2023.

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