

117TH CONGRESS  
1ST SESSION

# H. R. 927

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

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## IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 8, 2021

Mr. DANNY K. DAVIS of Illinois (for himself and Ms. DELBENE) 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 enhance the Child and Dependent Care Tax Credit and make the credit fully refundable.

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 2021”.

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

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

1 “(2) APPLICABLE PERCENTAGE.—

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

9 “(B) PHASEOUT PERCENTAGE.—For pur-  
 10 poses of subparagraph (A), the term ‘phaseout  
 11 percentage’ means 20 percent reduced (but not  
 12 below zero) by 1 percentage point for each  
 13 \$2,000 (or fraction thereof) by which the tax-  
 14 payer’s adjusted gross income for the taxable  
 15 year exceeds \$400,000.”.

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

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

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

23 (c) SPECIAL RULE FOR MARRIED COUPLES FILING  
 24 SEPARATE RETURNS.—Paragraph (2) of section 21(e) of

1 the Internal Revenue Code of 1986 is amended to read  
2 as follows:

3 “(2) MARRIED COUPLES FILING SEPARATE RE-  
4 TURNS.—

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

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

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

22 “(B) REGULATIONS.—The Secretary shall  
23 prescribe such regulations or other guidance as  
24 is necessary to carry out the purposes of this  
25 subsection.”.

1 (d) ADJUSTMENT FOR INFLATION.—Section 21 of  
2 the Internal Revenue Code of 1986 is amended—

3 (1) by redesignating subsection (f) as sub-  
4 section (g); and

5 (2) by inserting after subsection (e) the fol-  
6 lowing new subsection:

7 “(f) INFLATION ADJUSTMENT.—

8 “(1) IN GENERAL.—In the case of a calendar  
9 year beginning after 2022, the \$125,000 amount in  
10 paragraph (2) of subsection (a) and the dollar  
11 amounts in subsection (c) shall each be increased by  
12 an amount equal to—

13 “(A) such dollar amount, multiplied by

14 “(B) the cost-of-living adjustment deter-  
15 mined under section 1(f)(3) for the calendar  
16 year in which the taxable year begins, deter-  
17 mined by substituting ‘calendar year 2021’ for  
18 ‘calendar year 2016’ in subparagraph (A)(ii)  
19 thereof.

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

24 (e) CREDIT TO BE REFUNDABLE.—

1           (1) IN GENERAL.—The Internal Revenue Code  
2 of 1986 is amended—

3           (A) by redesignating section 21 as section  
4 36C; and

5           (B) by moving section 36C, as so redesign-  
6 nated, from subpart A of part IV of subchapter  
7 A of chapter 1 to the location immediately be-  
8 fore section 37 in subpart C of part IV of sub-  
9 chapter A of chapter 1.

10          (2) TECHNICAL AMENDMENTS.—

11           (A) Paragraph (1) of section 23(f) of the  
12 Internal Revenue Code of 1986 is amended by  
13 striking “21(e)” and inserting “36C(e)”.

14           (B) Paragraph (6) of section 35(g) of such  
15 Code is amended by striking “21(e)” and in-  
16 serting “36C(e)”.

17           (C) Paragraph (1) of section 36C(a) of  
18 such Code (as redesignated by paragraph (1))  
19 is amended by striking “this chapter” and in-  
20 serting “this subtitle”.

21           (D) Subparagraph (C) of section 129(a)(2)  
22 of such Code is amended by striking “section  
23 21(e)” and inserting “section 36C(e)”.

1           (E) Paragraph (2) of section 129(b) of  
2           such Code is amended by striking “section  
3           21(d)(2)” and inserting “section 36C(d)(2)”.

4           (F) Paragraph (1) of section 129(e) of  
5           such Code is amended by striking “section  
6           21(b)(2)” and inserting “section 36C(b)(2)”.

7           (G) Subsection (e) of section 213 of such  
8           Code is amended by striking “section 21” and  
9           inserting “section 36C”.

10          (H) Subparagraph (H) of section  
11          6213(g)(2) of such Code is amended by striking  
12          “section 21” and inserting “section 36C”.

13          (I) Subparagraph (L) of section  
14          6213(g)(2) of such Code is amended by striking  
15          “section 21, 24, or 32,” and inserting “section  
16          24, 32, or 36C,”.

17          (J) Paragraph (2) of section 1324(b) of  
18          title 31, United States Code, is amended by in-  
19          serting “36C,” after “36B,”.

20          (K) The table of sections for subpart C of  
21          part IV of subchapter A of chapter 1 of the In-  
22          ternal Revenue Code of 1986 is amended by in-  
23          serting after the item relating to section 36B  
24          the following:

“Sec. 36C. Expenses for household and dependent care services necessary for  
gainful employment.”.

1                   (L) The table of sections for subpart A of  
2                   such part IV is amended by striking the item  
3                   relating to section 21.

4           (f) EFFECTIVE DATE.—The amendments made by  
5 this section shall apply to taxable years beginning after  
6 December 31, 2021.

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