

117TH CONGRESS
1ST SESSION

H. R. 4354

To amend the Internal Revenue Code of 1986 to improve the employer-provided child care tax credit.

IN THE HOUSE OF REPRESENTATIVES

JULY 2, 2021

Mr. WENSTRUP (for himself and Mrs. STEEL) introduced the following bill;
which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to improve
the employer-provided child care tax credit.

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 Care Flexibility
5 for Working Families Act”.

6 **SEC. 2. IMPROVEMENTS TO THE EMPLOYER-PROVIDED**
7 **CHILD CARE TAX CREDIT.**

8 (a) CREDIT ALLOWED FOR REIMBURSEMENT OF EM-
9 PLOYEE CHILD CARE EXPENSES.—Section 45F(c)(1)(A)
10 of the Internal Revenue Code of 1986 is amended by strik-

1 ing “or” at the end of clause (ii), by striking the period
 2 at the end of clause (iii) and inserting “, or”, and by add-
 3 ing at the end the following new clause:

4 “(iv) to reimburse an employee for
 5 child care costs necessary for the employ-
 6 ee’s employment.”.

7 (b) CREDIT NOT RESTRICTED TO CHILD CARE FA-
 8 CILITIES PROVIDING EMPLOYER-PROVIDED CHILD
 9 CARE.—

10 (1) IN GENERAL.—Section 45F(c)(2)(B) of
 11 such Code is amended in clause (i) by inserting
 12 “and” after the comma, by striking clause (ii), and
 13 by redesignating clause (iii) as clause (ii).

14 (2) CONFORMING AMENDMENTS.—

15 (A) The heading for section 45F of such
 16 Code is amended to read as follows:

17 **“SEC. 45F CHILD CARE BUSINESS CREDIT.”.**

18 (B) The table of sections for subpart D of
 19 part IV of subchapter A of chapter 1 of subtitle
 20 A of such Code is amended by striking the item
 21 relating to section 45F and inserting the fol-
 22 lowing new item:

“45F. Child care business credit.”.

23 (c) CREDIT PERCENTAGE FOR SMALL EMPLOY-
 24 ERS.—Section 45F(e) of such Code is amended by adding
 25 at the end the following new paragraph:

1 “(4) CREDIT PERCENTAGE FOR SMALL EM-
2 PLOYERS.—

3 “(A) IN GENERAL.—With respect to a
4 small employer, subsection (a)(1) shall be ap-
5 plied by substituting ‘50 percent’ for ‘25 per-
6 cent’.

7 “(B) SMALL EMPLOYER.—For the pur-
8 poses of this paragraph, the term ‘small em-
9 ployer’ means, with respect to any taxable year,
10 any employer if—

11 “(i) the average number of employees
12 of such employer on business days during
13 such taxable year does not exceed 50, and

14 “(ii) the gross receipts of such em-
15 ployer during such taxable year do not ex-
16 ceed \$25,000,000.”.

17 (d) STUDY OF IMPACT OF TAX CREDIT FOR EM-
18 PLOYER-PROVIDED CHILD CARE.—

19 (1) IN GENERAL.—Not later than 18 months
20 after the date of the enactment of this Act, the
21 Comptroller General of the United States, in con-
22 sultation with the Secretary of the Treasury and the
23 Secretary of Labor, shall—

24 (A) complete a study that examines the tax
25 credit for employer-provided child care author-

1 ized under section 45F of the Internal Revenue
2 Code of 1986 by considering such metrics as—

3 (i) the characteristics of employers
4 that take the credit, including the size of
5 such employer, whether such employer is in
6 a rural or urban location, and whether
7 such employer also offers a dependent care
8 assistance program described in section
9 129 of such Code,

10 (ii) the characteristics of employers
11 that do not take the credit,

12 (iii) the extent to which employees
13 benefit when employers provide child care
14 and take the credit,

15 (iv) any challenges identified by em-
16 ployers that do not take the credit, and

17 (v) any explanations from employers
18 as to why they do or do not take the cred-
19 it, and

20 (B) prepare and submit a report to the
21 Committee on Finance of the Senate and the
22 Committee on Ways and Means of the House of
23 Representatives setting forth the conclusions of
24 the study conducted under subparagraph (A) in
25 such a manner that the recommendations in-

1 cluded in the report can inform future legisla-
2 tive action. Such report shall also be made pub-
3 licly available on the website of the Government
4 Accountability Office.

5 (2) PROHIBITION.—In carrying out the require-
6 ments of this section, the Comptroller General of the
7 United States may request qualitative and quan-
8 titative information from employers claiming the
9 credit under section 45F of the Internal Revenue
10 Code of 1986, but nothing in this section shall be
11 construed as mandating additional reporting require-
12 ments for such employers beyond what is already re-
13 quired by law.

14 (e) EFFECTIVE DATE.—The amendments made by
15 this section shall apply to taxable years beginning after
16 the date of enactment of this Act.

○