115TH CONGRESS
1ST SESSION

S. 598

To amend the Internal Revenue Code of 1986 to provide an above-the-line deduction for child care expenses, and for other purposes.

IN THE SENATE OF THE UNITED STATES

MARCH 9, 2017

Mrs. GILLIBRAND (for herself and Mr. PAUL) introduced the following bill; which was read twice and referred to the Committee on Finance

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A BILL

To amend the Internal Revenue Code of 1986 to provide an above-the-line deduction for child care expenses, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. ABOVE-THE-LINE DEDUCTION FOR CHILD CARE EXPENSES.

(a) IN GENERAL.—Part VII of subchapter A of chapter 1 of the Internal Revenue Code of 1986 is amended—

(1) by redesignating section 224 as section 225, and

(2) by inserting after section 223 the following new section:

"SEC. 224. CHILD CARE DEDUCTION.

''(a) ALLOWANCE OF DEDUCTION.—In the case of an individual for which there are 1 or more qualifying children with respect to such individual for the taxable year, there shall be allowed as a deduction an amount equal to the employment-related expenses paid by such individual during the taxable year.

''(b) DOLLAR LIMITATIONS.—

''(1) IN GENERAL.—The amount allowed as a deduction under subsection (a) with respect to the taxpayer for any taxable year shall not exceed—

''(A) $7,000, if there is 1 qualifying child with respect to the taxpayer for such taxable year, or

''(B) $14,000, if there are 2 or more qualifying children with respect to the taxpayer for such taxable year.

''(2) ADJUSTMENT FOR INFLATION.—In the case of a taxable year beginning after 2017, each of the dollar amounts in paragraph (1) shall be increased by an amount equal to—

''(A) such dollar amount, multiplied by

''(B) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which such taxable year begins, determined by substituting 'calendar year 2016' for 'calendar year 1992' in subparagraph (B) thereof.

If any amount as adjusted under the preceding sentence is not a multiple of $100, such amount shall be rounded to the next highest multiple of $100.

"(c) DEFINITIONS AND SPECIAL RULES.—For purposes of this section—

"(1) QUALIFYING CHILD.—The term 'qualifying child' means a dependent of the taxpayer (as defined in section 152(a)(1))—

"(A) who has not attained age 13, or

"(B) who is physically or mentally incapable of caring for himself or herself.

"(2) EMPLOYMENT-RELATED EXPENSES.—The term 'employment-related expenses' has the meaning given such term by section 21(b)(2), applied as if the terms 'qualifying child' and 'qualifying children', within the meaning of this section, were substituted for the terms 'qualifying individual' and 'qualifying individuals', respectively.

"(3) SPECIAL RULES.—Rules similar to the rules of paragraphs (1), (2), (3), (4), (5), (6), (9), and (10) of section 21(e) shall apply.

"(d) DENIAL OF DOUBLE BENEFIT.—

"(1) IN GENERAL.—No deduction shall be allowed under this section for any expense with respect to which a credit is claimed by the taxpayer under section 21.

"(2) COORDINATION RULE.—For coordination with a dependent care assistance program, see section 129(e)(7).".

(b) DEDUCTION ALLOWED ABOVE-THE-LINE.—Subsection (a) of section 62 of the Internal Revenue Code of 1986 is amended by inserting after paragraph (21) the following new paragraph:

"(22) CHILD CARE DEDUCTION.—The deduction allowed by section 224.".

(c) CONFORMING AMENDMENT.—Subsection (e) of section 213 of the Internal Revenue Code of 1986 is amended by inserting ", or as a deduction under section 224," after "section 21".

(d) CLERICAL AMENDMENT.—The table of sections for part VII of subchapter A of chapter 1 of the Internal Revenue Code of 1986 is amended by striking the item relating to section 224 and by inserting the following new items:

"Sec. 224. Child care deduction.
"Sec. 225. Cross reference.".

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to expenses paid or incurred in taxable years beginning after December 31, 2016.

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