

117TH CONGRESS
1ST SESSION

S. 271

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

IN THE SENATE OF THE UNITED STATES

FEBRUARY 8, 2021

Mr. CASEY (for himself, Mr. WYDEN, Mrs. MURRAY, Mr. MENENDEZ, Mr. CARDIN, Mr. BROWN, Mr. BENNET, Mr. WHITEHOUSE, Ms. HASSAN, Ms. CORTEZ MASTO, Ms. STABENOW, Ms. CANTWELL, Ms. SMITH, Mr. BLUMENTHAL, Mr. MURPHY, Mr. DURBIN, Ms. HIRONO, Mr. LEAHY, Ms. KLOBUCHAR, Mr. BOOKER, Mr. REED, Ms. BALDWIN, Mrs. GILLIBRAND, Mr. HEINRICH, Mr. MERKLEY, Mr. VAN HOLLEN, Ms. DUCKWORTH, and Mr. LUJÁN) 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.

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”.

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—

7 (1) by redesignating subsection (f) as sub-
 8 section (g); and

9 (2) by inserting after subsection (e) the fol-
 10 lowing new subsection:

11 “(f) INFLATION ADJUSTMENT.—

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

17 “(A) such dollar amount, multiplied by

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

24 “(2) ROUNDING.—If any dollar amount, after
 25 being increased under paragraph (1), is not a mul-

1 tiple of \$100, such dollar amount shall be rounded
 2 to the next lowest multiple of \$100.”.

3 (e) CREDIT TO BE REFUNDABLE.—

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

6 (A) by redesignating section 21 as section
 7 36C; and

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

13 (2) TECHNICAL AMENDMENTS.—

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

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

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

1 (D) Subparagraph (C) of section 129(a)(2)
2 of such Code is amended by striking “section
3 21(e)” and inserting “section 36C(e)”.

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

7 (F) Paragraph (1) of section 129(e) of
8 such Code is amended by striking “section
9 21(b)(2)” and inserting “section 36C(b)(2)”.

10 (G) Subsection (e) of section 213 of such
11 Code is amended by striking “section 21” and
12 inserting “section 36C”.

13 (H) Subparagraph (H) of section
14 6213(g)(2) of such Code is amended by striking
15 “section 21” and inserting “section 36C”.

16 (I) Subparagraph (L) of section
17 6213(g)(2) of such Code is amended by striking
18 “section 21, 24, or 32,” and inserting “section
19 24, 32, or 36C,”.

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

23 (K) The table of sections for subpart C of
24 part IV of subchapter A of chapter 1 of the In-
25 ternal Revenue Code of 1986 is amended by in-

1 serting after the item relating to section 36B
2 the following:

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

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

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

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