

In the Senate of the United States,

June 5, 2003.

Resolved, That the bill from the House of Representatives (H.R. 1308) entitled “An Act to amend the Internal Revenue Code of 1986 to end certain abusive tax practices, to provide tax relief and simplification, and for other purposes.”, do pass with the following

AMENDMENTS:

Strike out all after the enacting clause and insert:

1 ***SECTION 1. SHORT TITLE.***

2 *This Act may be cited as the “Relief for Working Fam-*
3 *ilies Tax Act of 2003”.*

TITLE I—CHILD TAX CREDIT**SEC. 101. ACCELERATION OF INCREASE IN REFUNDABILITY
OF THE CHILD TAX CREDIT.**

(a) *ACCELERATION OF REFUNDABILITY.*—

(1) *IN GENERAL.*—Section 24(d)(1)(B)(i) of the Internal Revenue Code of 1986 (relating to portion of credit refundable) is amended by striking “(10 percent in the case of taxable years beginning before January 1, 2005)”.

(2) *ADVANCE PAYMENT.*—Subsection (b) of section 6429 of such Code (relating to advance payment of portion of increased child credit for 2003) is amended by striking “and” at the end of paragraph (2), by striking the period at the end of paragraph (3) and inserting “, and”, and by adding at the end the following new paragraph:

“(4) section 24(d)(1)(B)(i) applied without regard to the first parenthetical therein.”.

(3) *EARNED INCOME INCLUDES COMBAT PAY.*—Section 24(d)(1) of such Code is amended by adding at the end the following new sentence: “For purposes of subparagraph (B), any amount excluded from gross income by reason of section 112 shall be treated as earned income which is taken into account in computing taxable income for the taxable year.”.

1 (b) *EFFECTIVE DATES.*—

2 (1) *SUBSECTIONS (a)(1) AND (a)(3).*—*The*
3 *amendments made by subsections (a)(1) and (a)(3)*
4 *shall apply to taxable years beginning after December*
5 *31, 2002.*

6 (2) *SUBSECTION (a)(2).*—*The amendments made*
7 *by subsection (a)(2) shall take effect as if included in*
8 *the amendments made by section 101(b) of the Jobs*
9 *and Growth Tax Relief Reconciliation Act of 2003.*

10 **SEC. 102. REDUCTION IN MARRIAGE PENALTY IN CHILD TAX**

11 **CREDIT.**

12 (a) *IN GENERAL.*—*Section 24(b)(2) of the Internal*
13 *Revenue Code of 1986 (defining threshold amount) is*
14 *amended—*

15 (1) *by inserting “(\$115,000 for taxable years be-*
16 *ginning in 2008 or 2009, and \$150,000 for taxable*
17 *years beginning in 2010)” after “\$110,000”, and*

18 (2) *by striking “\$55,000” in subparagraph (C)*
19 *and inserting “ $\frac{1}{2}$ of the amount in effect under sub-*
20 *paragraph (A)”.*

21 (b) *EFFECTIVE DATE.*—*The amendments made by this*
22 *section shall apply to taxable years beginning after Decem-*
23 *ber 31, 2002.*

1 **SEC. 103. APPLICATION OF EGTRRA SUNSET TO THIS SEC-**
 2 **TION.**

3 *Each amendment made by this title shall be subject*
 4 *to title IX of the Economic Growth and Tax Relief Rec-*
 5 *onciliation Act of 2001 to the same extent and in the same*
 6 *manner as the provision of such Act to which such amend-*
 7 *ment relates.*

8 **TITLE II—UNIFORM DEFINITION**
 9 **OF CHILD**

10 **SEC. 201. UNIFORM DEFINITION OF CHILD, ETC.**

11 *Section 152 of the Internal Revenue Code of 1986 is*
 12 *amended to read as follows:*

13 **“SEC. 152. DEPENDENT DEFINED.**

14 *“(a) IN GENERAL.—For purposes of this subtitle, the*
 15 *term ‘dependent’ means—*

16 *“(1) a qualifying child, or*

17 *“(2) a qualifying relative.*

18 *“(b) EXCEPTIONS.—For purposes of this section—*

19 *“(1) DEPENDENTS INELIGIBLE.—If an indi-*
 20 *vidual is a dependent of a taxpayer for any taxable*
 21 *year of such taxpayer beginning in a calendar year,*
 22 *such individual shall be treated as having no depend-*
 23 *ents for any taxable year of such individual begin-*
 24 *ning in such calendar year.*

25 *“(2) MARRIED DEPENDENTS.—An individual*
 26 *shall not be treated as a dependent of a taxpayer*

1 *under subsection (a) if such individual has made a*
2 *joint return with the individual’s spouse under sec-*
3 *tion 6013 for the taxable year beginning in the cal-*
4 *endar year in which the taxable year of the taxpayer*
5 *begins.*

6 “(3) *CITIZENS OR NATIONALS OF OTHER COUN-*
7 *TRIES.—*

8 “(A) *IN GENERAL.—The term ‘dependent’*
9 *does not include an individual who is not a cit-*
10 *izen or national of the United States unless such*
11 *individual is a resident of the United States or*
12 *a country contiguous to the United States.*

13 “(B) *EXCEPTION FOR ADOPTED CHILD.—*
14 *Subparagraph (A) shall not exclude any child of*
15 *a taxpayer (within the meaning of subsection*
16 *(f)(1)(B)) from the definition of ‘dependent’ if—*

17 “(i) *for the taxable year of the tax-*
18 *payer, the child’s principal place of abode is*
19 *the home of the taxpayer, and*

20 “(ii) *the taxpayer is a citizen or na-*
21 *tional of the United States.*

22 “(c) *QUALIFYING CHILD.—For purposes of this*
23 *section—*

1 “(1) *IN GENERAL.*—*The term ‘qualifying child’*
2 *means, with respect to any taxpayer for any taxable*
3 *year, an individual—*

4 “(A) *who bears a relationship to the tax-*
5 *payer described in paragraph (2),*

6 “(B) *who has the same principal place of*
7 *abode as the taxpayer for more than one-half of*
8 *such taxable year,*

9 “(C) *who meets the age requirements of*
10 *paragraph (3), and*

11 “(D) *who has not provided over one-half of*
12 *such individual’s own support for the calendar*
13 *year in which the taxable year of the taxpayer*
14 *begins.*

15 “(2) *RELATIONSHIP TEST.*—*For purposes of*
16 *paragraph (1)(A), an individual bears a relationship*
17 *to the taxpayer described in this paragraph if such*
18 *individual is—*

19 “(A) *a child of the taxpayer or a descendant*
20 *of such a child, or*

21 “(B) *a brother, sister, stepbrother, or step-*
22 *sister of the taxpayer or a descendant of any*
23 *such relative.*

24 “(3) *AGE REQUIREMENTS.*—

1 “(A) *IN GENERAL.*—For purposes of para-
2 graph (1)(C), an individual meets the require-
3 ments of this paragraph if such individual—

4 “(i) has not attained the age of 19 as
5 of the close of the calendar year in which
6 the taxable year of the taxpayer begins, or

7 “(ii) is a student who has not attained
8 the age of 24 as of the close of such calendar
9 year.

10 “(B) *SPECIAL RULE FOR DISABLED.*—In
11 the case of an individual who is permanently
12 and totally disabled (as defined in section
13 22(e)(3)) at any time during such calendar year,
14 the requirements of subparagraph (A) shall be
15 treated as met with respect to such individual.

16 “(4) *SPECIAL RULE RELATING TO 2 OR MORE*
17 *CLAIMING QUALIFYING CHILD.*—

18 “(A) *IN GENERAL.*—Except as provided in
19 subparagraph (B) and subsection (e), if (but for
20 this paragraph) an individual may be and is
21 claimed as a qualifying child by 2 or more tax-
22 payers for a taxable year beginning in the same
23 calendar year, such individual shall be treated as
24 the qualifying child of the taxpayer who is—

25 “(i) a parent of the individual, or

1 “(ii) if clause (i) does not apply, the
2 taxpayer with the highest adjusted gross in-
3 come for such taxable year.

4 “(B) MORE THAN 1 PARENT CLAIMING
5 QUALIFYING CHILD.—If the parents claiming
6 any qualifying child do not file a joint return to-
7 gether, such child shall be treated as the quali-
8 fying child of—

9 “(i) the parent with whom the child re-
10 sided for the longest period of time during
11 the taxable year, or

12 “(ii) if the child resides with both par-
13 ents for the same amount of time during
14 such taxable year, the parent with the high-
15 est adjusted gross income.

16 “(d) QUALIFYING RELATIVE.—For purposes of this
17 section—

18 “(1) IN GENERAL.—The term ‘qualifying rel-
19 ative’ means, with respect to any taxpayer for any
20 taxable year, an individual—

21 “(A) who bears a relationship to the tax-
22 payer described in paragraph (2),

23 “(B) whose gross income for the calendar
24 year in which such taxable year begins is less

1 *than the exemption amount (as defined in sec-*
2 *tion 151(d)),*

3 *“(C) with respect to whom the taxpayer*
4 *provides over one-half of the individual’s support*
5 *for the calendar year in which such taxable year*
6 *begins, and*

7 *“(D) who is not a qualifying child of such*
8 *taxpayer or of any other taxpayer for any tax-*
9 *able year beginning in the calendar year in*
10 *which such taxable year begins.*

11 *“(2) RELATIONSHIP.—For purposes of para-*
12 *graph (1)(A), an individual bears a relationship to*
13 *the taxpayer described in this paragraph if the indi-*
14 *vidual is any of the following with respect to the tax-*
15 *payer:*

16 *“(A) A child or a descendant of a child.*

17 *“(B) A brother, sister, stepbrother, or step-*
18 *sister.*

19 *“(C) The father or mother, or an ancestor of*
20 *either.*

21 *“(D) A stepfather or stepmother.*

22 *“(E) A son or daughter of a brother or sis-*
23 *ter of the taxpayer.*

24 *“(F) A brother or sister of the father or*
25 *mother of the taxpayer.*

1 “(G) A son-in-law, daughter-in-law, father-
2 in-law, mother-in-law, brother-in-law, or sister-
3 in-law.

4 “(H) An individual (other than an indi-
5 vidual who at any time during the taxable year
6 was the spouse, determined without regard to
7 section 7703, of the taxpayer) who, for the tax-
8 able year of the taxpayer, has as such individ-
9 ual’s principal place of abode the home of the
10 taxpayer and is a member of the taxpayer’s
11 household.

12 “(3) SPECIAL RULE RELATING TO MULTIPLE
13 SUPPORT AGREEMENTS.—For purposes of paragraph
14 (1)(C), over one-half of the support of an individual
15 for a calendar year shall be treated as received from
16 the taxpayer if—

17 “(A) no one person contributed over one-half
18 of such support,

19 “(B) over one-half of such support was re-
20 ceived from 2 or more persons each of whom, but
21 for the fact that any such person alone did not
22 contribute over one-half of such support, would
23 have been entitled to claim such individual as a
24 dependent for a taxable year beginning in such
25 calendar year,

1 “(C) the taxpayer contributed over 10 per-
2 cent of such support, and

3 “(D) each person described in subparagraph
4 (B) (other than the taxpayer) who contributed
5 over 10 percent of such support files a written
6 declaration (in such manner and form as the
7 Secretary may by regulations prescribe) that
8 such person will not claim such individual as a
9 dependent for any taxable year beginning in
10 such calendar year.

11 “(4) SPECIAL RULE RELATING TO INCOME OF
12 HANDICAPPED DEPENDENTS.—

13 “(A) IN GENERAL.—For purposes of para-
14 graph (1)(B), the gross income of an individual
15 who is permanently and totally disabled (as de-
16 fined in section 22(e)(3)) at any time during the
17 taxable year shall not include income attrib-
18 utable to services performed by the individual at
19 a sheltered workshop if—

20 “(i) the availability of medical care at
21 such workshop is the principal reason for
22 the individual’s presence there, and

23 “(ii) the income arises solely from ac-
24 tivities at such workshop which are incident
25 to such medical care.

1 “(B) *SHELTERED WORKSHOP DEFINED.*—
2 *For purposes of subparagraph (A), the term*
3 *‘sheltered workshop’ means a school—*

4 *“(i) which provides special instruction*
5 *or training designed to alleviate the dis-*
6 *ability of the individual, and*

7 *“(ii) which is operated by an organiza-*
8 *tion described in section 501(c)(3) and ex-*
9 *empt from tax under section 501(a), or by*
10 *a State, a possession of the United States,*
11 *any political subdivision of any of the fore-*
12 *going, the United States, or the District of*
13 *Columbia.*

14 “(5) *SPECIAL SUPPORT TEST IN CASE OF STU-*
15 *DENTS.*—*For purposes of paragraph (1)(C), in the*
16 *case of an individual who is—*

17 *“(A) a child of the taxpayer, and*

18 *“(B) a student,*

19 *amounts received as scholarships for study at an edu-*
20 *cational organization described in section*
21 *170(b)(1)(A)(ii) shall not be taken into account in de-*
22 *termining whether such individual received more than*
23 *one-half of such individual’s support from the tax-*
24 *payer.*

1 “(6) *SPECIAL RULES FOR SUPPORT.*—For pur-
2 poses of this subsection—

3 “(A) *payments to a spouse which are in-*
4 *cludible in the gross income of such spouse under*
5 *section 71 or 682 shall not be treated as a pay-*
6 *ment by the payor spouse for the support of any*
7 *dependent,*

8 “(B) *amounts expended for the support of a*
9 *child or children shall be treated as received from*
10 *the noncustodial parent (as defined in subsection*
11 *(e)(3)(B)) to the extent that such parent provided*
12 *amounts for such support, and*

13 “(C) *in the case of the remarriage of a par-*
14 *ent, support of a child received from the parent’s*
15 *spouse shall be treated as received from the par-*
16 *ent.*

17 “(e) *SPECIAL RULE FOR DIVORCED PARENTS.*—

18 “(1) *IN GENERAL.*—Notwithstanding subsection
19 (i)(4) or (d)(1)(C), if—

20 “(A) *a child receives over one-half of the*
21 *child’s support during the calendar year from*
22 *the child’s parents—*

23 “(i) *who are divorced or legally sepa-*
24 *rated under a decree of divorce or separate*
25 *maintenance,*

1 “(ii) who are separated under a writ-
2 ten separation agreement, or

3 “(iii) who live apart at all times dur-
4 ing the last 6 months of the calendar year,
5 and

6 “(B) such child is in the custody of 1 or
7 both of the child’s parents for more than $\frac{1}{2}$ of
8 the calendar year,
9 such child shall be treated as being the qualifying
10 child or qualifying relative of the noncustodial parent
11 for a calendar year if the requirements described in
12 paragraph (2) are met.

13 “(2) *REQUIREMENTS.*—For purposes of para-
14 graph (1), the requirements described in this para-
15 graph are met if—

16 “(A) a decree of divorce or separate mainte-
17 nance or written separation agreement between
18 the parents applicable to the taxable year begin-
19 ning in such calendar year provides that—

20 “(i) the noncustodial parent shall be
21 entitled to any deduction allowable under
22 section 151 for such child, or

23 “(ii) the custodial parent will sign a
24 written declaration (in such manner and
25 form as the Secretary may prescribe) that

1 *such parent will not claim such child as a*
2 *dependent for such taxable year, and*

3 “(B) *in the case of such an agreement exe-*
4 *cuted before January 1, 1985, the noncustodial*
5 *parent provides at least \$600 for the support of*
6 *such child during such calendar year.*

7 “(3) *CUSTODIAL PARENT AND NONCUSTODIAL*
8 *PARENT.—For purposes of this subsection—*

9 “(A) *CUSTODIAL PARENT.—The term ‘custo-*
10 *dial parent’ means the parent with whom a*
11 *child shared the same principal place of abode*
12 *for the greater portion of the calendar year.*

13 “(B) *NONCUSTODIAL PARENT.—The term*
14 *‘noncustodial parent’ means the parent who is*
15 *not the custodial parent.*

16 “(4) *EXCEPTION FOR MULTIPLE-SUPPORT*
17 *AGREEMENTS.—This subsection shall not apply in*
18 *any case where over one-half of the support of the*
19 *child is treated as having been received from a tax-*
20 *payer under the provision of subsection (d)(3).*

21 “(f) *OTHER DEFINITIONS AND RULES.—For purposes*
22 *of this section—*

23 “(1) *CHILD DEFINED.—*

24 “(A) *IN GENERAL.—The term ‘child’ means*
25 *an individual who is—*

1 “(i) a son, daughter, stepson, or step-
2 daughter of the taxpayer, or

3 “(ii) an eligible foster child of the tax-
4 payer.

5 “(B) *ADOPTED CHILD*.—In determining
6 whether any of the relationships specified in sub-
7 paragraph (A)(i) or paragraph (4) exists, a le-
8 gally adopted individual of the taxpayer, or an
9 individual who is placed with the taxpayer by
10 an authorized placement agency for adoption by
11 the taxpayer, shall be treated as a child of such
12 individual by blood.

13 “(C) *ELIGIBLE FOSTER CHILD*.—For pur-
14 poses of subparagraph (A)(ii), the term ‘eligible
15 foster child’ means an individual who is placed
16 with the taxpayer by an authorized placement
17 agency or by judgment, decree, or other order of
18 any court of competent jurisdiction.

19 “(2) *STUDENT DEFINED*.—The term ‘student’
20 means an individual who during each of 5 calendar
21 months during the calendar year in which the taxable
22 year of the taxpayer begins—

23 “(A) is a full-time student at an edu-
24 cational organization described in section
25 170(b)(1)(A)(ii), or

1 “(B) is pursuing a full-time course of insti-
2 tutional on-farm training under the supervision
3 of an accredited agent of an educational organi-
4 zation described in section 170(b)(1)(A)(ii) or of
5 a State or political subdivision of a State.

6 “(3) PLACE OF ABODE.—An individual shall not
7 be treated as having the same principal place of abode
8 of the taxpayer if at any time during the taxable year
9 of the taxpayer the relationship between the indi-
10 vidual and the taxpayer is in violation of local law.

11 “(4) BROTHER AND SISTER.—The terms ‘brother’
12 and ‘sister’ include a brother or sister by the half
13 blood.

14 “(5) TREATMENT OF MISSING CHILDREN.—

15 “(A) IN GENERAL.—Solely for the purposes
16 referred to in subparagraph (B), a child of the
17 taxpayer—

18 “(i) who is presumed by law enforce-
19 ment authorities to have been kidnapped by
20 someone who is not a member of the family
21 of such child or the taxpayer, and

22 “(ii) who had, for the taxable year in
23 which the kidnapping occurred, the same
24 principal place of abode as the taxpayer for

1 *more than one-half of the portion of such*
2 *year before the date of the kidnapping,*
3 *shall be treated as meeting the requirement of*
4 *subsection (c)(1)(B) with respect to a taxpayer*
5 *for all taxable years ending during the period*
6 *that the individual is kidnapped.*

7 “(B) *PURPOSES.*—Subparagraph (A) shall
8 *apply solely for purposes of determining—*

9 “(i) *the deduction under section 151(c),*

10 “(ii) *the credit under section 24 (relat-*
11 *ing to child tax credit),*

12 “(iii) *whether an individual is a sur-*
13 *living spouse or a head of a household (as*
14 *such terms are defined in section 2), and*

15 “(iv) *the earned income credit under*
16 *section 32.*

17 “(C) *COMPARABLE TREATMENT OF CERTAIN*
18 *QUALIFYING RELATIVES.*—For purposes of this
19 *section, a child of the taxpayer—*

20 “(i) *who is presumed by law enforce-*
21 *ment authorities to have been kidnapped by*
22 *someone who is not a member of the family*
23 *of such child or the taxpayer, and*

24 “(ii) *who was (without regard to this*
25 *paragraph) a qualifying relative of the tax-*

1 payer for the portion of the taxable year be-
 2 fore the date of the kidnapping,
 3 shall be treated as a qualifying relative of the
 4 taxpayer for all taxable years ending during the
 5 period that the child is kidnapped.

6 “(D) *TERMINATION OF TREATMENT.*—Sub-
 7 paragraphs (A) and (C) shall cease to apply as
 8 of the first taxable year of the taxpayer begin-
 9 ning after the calendar year in which there is a
 10 determination that the child is dead (or, if ear-
 11 lier, in which the child would have attained age
 12 18).

13 “(6) *CROSS REFERENCES.*—

**“For provision treating child as dependent of both
 parents for purposes of certain provisions, see sec-
 tions 105(b), 132(h)(2)(B), and 213(d)(5).”.**

14 **SEC. 202. MODIFICATIONS OF DEFINITION OF HEAD OF**
 15 **HOUSEHOLD.**

16 (a) *HEAD OF HOUSEHOLD.*—Clause (i) of section
 17 2(b)(1)(A) of the Internal Revenue Code of 1986 is amended
 18 to read as follows:

19 “(i) a qualifying child of the indi-
 20 vidual (as defined in section 152(c), deter-
 21 mined without regard to section 152(e)), but
 22 not if such child—

23 “(I) is married at the close of the
 24 taxpayer’s taxable year, and

1 “(II) is not a dependent of such
2 individual by reason of section
3 152(b)(2) or 152(b)3), or both, or”.

4 (b) *CONFORMING AMENDMENTS.*—

5 (1) *Section 2(b)(2) of the Internal Revenue Code*
6 *of 1986 is amended by striking subparagraph (A) and*
7 *by redesignating subparagraphs (B), (C), and (D) as*
8 *subparagraphs (A), (B), and (C), respectively.*

9 (2) *Clauses (i) and (ii) of section 2(b)(3)(B) of*
10 *such Code are amended to read as follows:*

11 “(i) *subparagraph (H) of section*
12 *152(d)(2), or*

13 “(ii) *paragraph (3) of section 152(d).*”.

14 **SEC. 203. MODIFICATIONS OF DEPENDENT CARE CREDIT.**

15 (a) *IN GENERAL.*—*Section 21(a)(1) of the Internal*
16 *Revenue Code of 1986 is amended by striking “In the case*
17 *of an individual who maintains a household which includes*
18 *as a member one or more qualifying individuals (as defined*
19 *in subsection (b)(1))” and inserting “In the case of an indi-*
20 *vidual for which there are 1 or more qualifying individuals*
21 *(as defined in subsection (b)(1)) with respect to such indi-*
22 *vidual”.*

23 (b) *QUALIFYING INDIVIDUAL.*—*Paragraph (1) of sec-*
24 *tion 21(b) of the Internal Revenue Code of 1986 is amended*
25 *to read as follows:*

1 “(1) *QUALIFYING INDIVIDUAL.*—The term ‘quali-
2 *fying individual*’ means—

3 “(A) a dependent of the taxpayer (as de-
4 *fin*ed in section 152(a)(1)) who has not attained
5 age 13,

6 “(B) a dependent of the taxpayer who is
7 *physically or mentally incapable of caring for*
8 *himself or herself and who has the same prin-*
9 *cipal place of abode as the taxpayer for more*
10 *than one-half of such taxable year, or*

11 “(C) the spouse of the taxpayer, if the
12 *spouse is physically or mentally incapable of*
13 *caring for himself or herself and who has the*
14 *same principal place of abode as the taxpayer*
15 *for more than one-half of such taxable year.”.*

16 (c) *CONFORMING AMENDMENT.*—Paragraph (1) of sec-
17 *tion 21(e) of the Internal Revenue Code of 1986 is amended*
18 *to read as follows:*

19 “(1) *PLACE OF ABODE.*—An individual shall not
20 *be treated as having the same principal place of abode*
21 *of the taxpayer if at any time during the taxable year*
22 *of the taxpayer the relationship between the indi-*
23 *vidual and the taxpayer is in violation of local law.”.*

1 **SEC. 204. MODIFICATIONS OF CHILD TAX CREDIT.**

2 (a) *IN GENERAL.*—Paragraph (1) of section 24(c) of
3 the Internal Revenue Code of 1986 is amended to read as
4 follows:

5 “(1) *IN GENERAL.*—The term ‘qualifying child’
6 means a qualifying child of the taxpayer (as defined
7 in section 152(c)) who has not attained age 17.”

8 (b) *CONFORMING AMENDMENT.*—Section 24(c)(2) of
9 the Internal Revenue Code of 1986 is amended by striking
10 “the first sentence of section 152(b)(3)” and inserting “sub-
11 paragraph (A) of section 152(b)(3)”.

12 **SEC. 205. MODIFICATIONS OF EARNED INCOME CREDIT.**

13 (a) *QUALIFYING CHILD.*—Paragraph (3) of section
14 32(c) of the Internal Revenue Code of 1986 is amended to
15 read as follows:

16 “(3) *QUALIFYING CHILD.*—

17 “(A) *IN GENERAL.*—The term ‘qualifying
18 child’ means a qualifying child of the taxpayer
19 (as defined in section 152(c), determined without
20 regard to paragraph (1)(D) thereof and section
21 152(e)).

22 “(B) *MARRIED INDIVIDUAL.*—The term
23 ‘qualifying child’ shall not include an individual
24 who is married as of the close of the taxpayer’s
25 taxable year unless the taxpayer is entitled to a
26 deduction under section 151 for such taxable

1 year with respect to such individual (or would be
2 so entitled but for section 152(e)).

3 “(C) *PLACE OF ABODE.*—For purposes of
4 subparagraph (A), the requirements of section
5 152(c)(1)(B) shall be met only if the principal
6 place of abode is in the United States.

7 “(D) *IDENTIFICATION REQUIREMENTS.*—

8 “(i) *IN GENERAL.*—A qualifying child
9 shall not be taken into account under sub-
10 section (b) unless the taxpayer includes the
11 name, age, and TIN of the qualifying child
12 on the return of tax for the taxable year.

13 “(ii) *OTHER METHODS.*—The Sec-
14 retary may prescribe other methods for pro-
15 viding the information described in clause
16 (i).”.

17 (b) *CONFORMING AMENDMENTS.*—

18 (1) Section 32(c)(1) of the Internal Revenue
19 Code of 1986 is amended by striking subparagraph
20 (C) and by redesignating subparagraphs (D), (E),
21 (F), and (G) as subparagraphs (C), (D), (E), and
22 (F), respectively.

23 (2) Section 32(c)(4) of such Code is amended by
24 striking “(3)(E)” and inserting “(3)(C)”.

1 (3) Section 32(m) of such Code is amended by
2 striking “subsections (c)(1)(F)” and inserting “sub-
3 sections (c)(1)(E)”.

4 **SEC. 206. MODIFICATIONS OF DEDUCTION FOR PERSONAL**
5 **EXEMPTION FOR DEPENDENTS.**

6 Subsection (c) of section 151 of the Internal Revenue
7 Code of 1986 is amended to read as follows:

8 “(c) **ADDITIONAL EXEMPTION FOR DEPENDENTS.**—An
9 exemption of the exemption amount for each individual who
10 is a dependent (as defined in section 152) of the taxpayer
11 for the taxable year.”.

12 **SEC. 207. TECHNICAL AND CONFORMING AMENDMENTS.**

13 (1) Section 2(a)(1)(B)(i) of such Code is amend-
14 ed by inserting “, determined without regard to sub-
15 sections (b)(1), (b)(2), and (d)(1)(B) thereof” after
16 “section 152”.

17 (2) Section 21(e)(5) of the Internal Revenue Code
18 of 1986 is amended—

19 (A) by striking “paragraph (2) or (4) of” in
20 subparagraph (A), and

21 (B) by striking “within the meaning of sec-
22 tion 152(e)(1)” and inserting “as defined in sec-
23 tion 152(e)(3)(A)”.

1 (3) Section 21(e)(6)(B) of such Code is amended
2 by striking “section 151(c)(3)” and inserting “section
3 152(f)(1)”.

4 (4) Section 25B(c)(2)(B) of such Code is amend-
5 ed by striking “151(c)(4)” and inserting “152(f)(2)”.

6 (5)(A) Subparagraphs (A) and (B) of section
7 51(i)(1) of such Code are each amended by striking
8 “paragraphs (1) through (8) of section 152(a)” both
9 places it appears and inserting “subparagraphs (A)
10 through (G) of section 152(d)(2)”.

11 (B) Section 51(i)(1)(C) of such Code is amended
12 by striking “152(a)(9)” and inserting
13 “152(d)(2)(H)”.

14 (6) Section 72(t)(2)(D)(i)(III) of such Code is
15 amended by inserting “, determined without regard to
16 subsections (b)(1), (b)(2), and (d)(1)(B) thereof” after
17 “section 152”.

18 (7) Section 72(t)(7)(A)(iii) of such Code is
19 amended by striking “151(c)(3)” and inserting
20 “152(f)(1)”.

21 (8) Section 42(i)(3)(D)(ii)(I) of such Code is
22 amended by inserting “, determined without regard to
23 subsections (b)(1), (b)(2), and (d)(1)(B) thereof” after
24 “section 152”.

1 (9) Subsections (b) and (c)(1) of section 105 of
2 such Code are amended by inserting “, determined
3 without regard to subsections (b)(1), (b)(2), and
4 (d)(1)(B) thereof” after “section 152”.

5 (10) Section 120(d)(4) of such Code is amended
6 by inserting “(determined without regard to sub-
7 sections (b)(1), (b)(2), and (d)(1)(B) thereof)” after
8 “section 152”.

9 (11) Section 125(e)(1)(D) of such Code is amend-
10 ed by inserting “, determined without regard to sub-
11 sections (b)(1), (b)(2), and (d)(1)(B) thereof” after
12 “section 152”.

13 (12) Section 129(c)(2) of such Code is amended
14 by striking “151(c)(3)” and inserting “152(f)(1)”.

15 (13) The first sentence of section 132(h)(2)(B) of
16 such Code is amended by striking “151(c)(3)” and in-
17 serting “152(f)(1)”.

18 (14) Section 153 of such Code is amended by
19 striking paragraph (1) and by redesignating para-
20 graphs (2), (3), and (4) as paragraphs (1), (2), and
21 (3), respectively.

22 (15) Section 170(g)(1) of such Code is amended
23 by inserting “(determined without regard to sub-
24 sections (b)(1), (b)(2), and (d)(1)(B) thereof)” after
25 “section 152”.

1 (16) Section 170(g)(3) of such Code is amended
2 by striking “paragraphs (1) through (8) of section
3 152(a)” and inserting “subparagraphs (A) through
4 (G) of section 152(d)(2)”.

5 (17) Section 213(a) of such Code is amended by
6 inserting “, determined without regard to subsections
7 (b)(1), (b)(2), and (d)(1)(B) thereof” after “section
8 152”.

9 (18) The second sentence of section 213(d)(11) of
10 such Code is amended by striking “paragraphs (1)
11 through (8) of section 152(a)” and inserting “sub-
12 paragraphs (A) through (G) of section 152(d)(2)”.

13 (19) Section 220(d)(2)(A) of such Code is
14 amended by inserting “, determined without regard to
15 subsections (b)(1), (b)(2), and (d)(1)(B) thereof” after
16 “section 152”.

17 (20) Section 221(d)(4) of such Code is amended
18 by inserting “(determined without regard to sub-
19 sections (b)(1), (b)(2), and (d)(1)(B) thereof)” after
20 “section 152”.

21 (21) Section 529(e)(2)(B) of such Code is amend-
22 ed by striking “paragraphs (1) through (8) of section
23 152(a)” and inserting “subparagraphs (A) through
24 (G) of section 152(d)(2)”.

1 (22) Section 2032A(c)(7)(D) of such Code is
2 amended by striking “section 151(c)(4)” and insert-
3 ing “section 152(f)(2)”.

4 (23) Section 2057(d)(2)(B) of such Code is
5 amended by inserting “, determined without regard to
6 subsections (b)(1), (b)(2), and (d)(1)(B) thereof” after
7 “section 152”.

8 (24) Section 7701(a)(17) of such Code is amend-
9 ed by striking “152(b)(4), 682,” and inserting “682”.

10 (25) Section 7702B(f)(2)(C)(iii) of such Code is
11 amended by striking “paragraphs (1) through (8) of
12 section 152(a)” and inserting “subparagraphs (A)
13 through (G) of section 152(d)(2)”.

14 (26) Section 7703(b)(1) of such Code is
15 amended—

16 (A) by striking “151(c)(3)” and inserting
17 “152(f)(1)”, and

18 (B) by striking “paragraph (2) or (4) of”.

19 **SEC. 208. EFFECTIVE DATE.**

20 The amendments made by this title shall apply to tax-
21 able years beginning after December 31, 2003.

22 **TITLE III—CUSTOMS USER FEES**

23 **SEC. 301. EXTENSION OF CUSTOMS USER FEES.**

24 Section 13031(j)(3) of the Consolidated Omnibus
25 Budget Reconciliation Act of 1985 (19 U.S.C. 58c(j)(3)) is

- 1 *amended by striking “September 30, 2003” and inserting*
- 2 *“March 31, 2010”.*

Amend the title so as to read: “An Act to amend the Internal Revenue Code of 1986 to accelerate the increase in the refundability of the child tax credit, and for other purposes.”.

Attest:

Secretary.

108TH CONGRESS
1ST SESSION

H. R. 1308

AMENDMENTS