

AMENDMENT NO. \_\_\_\_\_ Calendar No. \_\_\_\_\_

Purpose: To amend the Internal Revenue Code of 1986 to establish a credit for married couples who are both employed and have young children, and for other purposes.

**IN THE SENATE OF THE UNITED STATES—114th Cong., 1st Sess.**

**H. R. 3762**

To provide for reconciliation pursuant to section 2002 of the concurrent resolution on the budget for fiscal year 2016.

Referred to the Committee on \_\_\_\_\_ and ordered to be printed

Ordered to lie on the table and to be printed

AMENDMENT intended to be proposed by

\_\_\_\_\_

Viz:

1 At the appropriate place, insert the following:

2 **SEC. \_\_\_\_ . CREDIT FOR DUAL-EARNER FAMILIES.**

3 (a) IN GENERAL.—Subpart A of part IV of sub-  
4 chapter A of chapter 1 of the Internal Revenue Code of  
5 1986 is amended by inserting after section 25D the fol-  
6 lowing new section:

7 **“SEC. 25E. DUAL-EARNER FAMILIES.**

8 “(a) ALLOWANCE OF CREDIT.—In the case of an eli-  
9 gible taxpayer, there shall be allowed as a credit against

1 the tax imposed by this chapter for the taxable year an  
2 amount equal to 7 percent of the lesser of—

3 “(1) \$10,000, or

4 “(2) the earned income of the spouse with the  
5 lower amount of earned income for such taxable  
6 year.

7 “(b) LIMITATION.—The amount of the credit allow-  
8 able under subsection (a) shall be reduced (but not below  
9 zero) by an amount which bears the same ratio to the  
10 amount determined under subsection (a) (as determined  
11 without regard to this subsection) as the amount of the  
12 taxpayer’s excess adjusted gross income bears to \$20,000.

13 “(c) DEFINITIONS.—For purposes of this section—

14 “(1) EARNED INCOME.—The term ‘earned in-  
15 come’ has the same meaning given such term in sec-  
16 tion 32(c)(2).

17 “(2) ELIGIBLE TAXPAYER.—

18 “(A) IN GENERAL.—The term ‘eligible tax-  
19 payer’ means a taxpayer who—

20 “(i) files a joint return for the taxable  
21 year under section 6013, and

22 “(ii) has at least 1 qualifying child (as  
23 defined in section 152(c)) who has not at-  
24 tained 12 years of age before the close of  
25 the taxable year.

1           “(3) EXCESS ADJUSTED GROSS INCOME.—The  
2 term ‘excess adjusted gross income’ means so much  
3 of the eligible taxpayer’s adjusted gross income for  
4 the taxable year as exceeds \$110,000.

5           “(d) INFLATION ADJUSTMENT.—

6           “(1) IN GENERAL.—In the case of any taxable  
7 year beginning after 2016, each of the dollar  
8 amounts in subsections (a)(1) and (c)(3) shall be in-  
9 creased by an amount equal to—

10                   “(A) such dollar amount, multiplied by

11                   “(B) the cost-of-living adjustment deter-  
12 mined under section 1(f)(3) for the calendar  
13 year in which the taxable year begins, deter-  
14 mined by substituting ‘calendar year 2015’ for  
15 ‘calendar year 1992’ in subparagraph (B)  
16 thereof.

17           “(2) ROUNDING.—If any dollar amount in sub-  
18 section (a)(1) or (c)(3), after being increased under  
19 paragraph (1), is not a multiple of \$1,000, such dol-  
20 lar amount shall be rounded to the nearest multiple  
21 of \$1,000.

22           “(e) ADDITIONAL ELIGIBILITY REQUIREMENTS.—

23           “(1) INDIVIDUAL CLAIMING BENEFITS UNDER  
24 SECTION 911.—No credit shall be allowed under this  
25 section if an individual (or the individual’s spouse)

1 claims the benefits of section 911 for the taxable  
2 year.

3 “(2) NON-RESIDENT ALIENS.—No credit shall  
4 be allowed under this section if an individual (or the  
5 individual’s spouse) is a nonresident alien individual  
6 for any portion of the taxable year unless such indi-  
7 vidual is treated for such taxable year as a resident  
8 of the United States for purposes of this chapter by  
9 reason of an election under subsection (g) or (h) of  
10 section 6013.

11 “(3) IDENTIFICATION NUMBER REQUIRE-  
12 MENT.—No credit shall be allowed under this section  
13 if the eligible taxpayer does not include on the joint  
14 return of tax for the taxable year—

15 “(A) the taxpayer identification number of  
16 the individual and the individual’s spouse, and

17 “(B) the name, age, and taxpayer identi-  
18 fication number of any qualifying children.

19 “(f) TAXABLE YEAR MUST BE FULL TAXABLE  
20 YEAR.—Except in the case of a taxable year closed by rea-  
21 son of the death of an individual, no credit shall be allow-  
22 able under this section in the case of a taxable year cov-  
23 ering a period of less than 12 months.”.

24 (b) CONFORMING AMENDMENT.—The table of sec-  
25 tions for subpart A of part IV of subchapter A of chapter

1 1 of the Internal Revenue Code of 1986 is amended by  
2 inserting after the item relating to section 25D the fol-  
3 lowing:

“Sec. 25E. Dual-earner families.”.

4 (c) EFFECTIVE DATE.—The amendments made by  
5 this section shall apply to taxable years beginning after  
6 December 31, 2015.

7 **SEC. \_\_\_\_ . ENHANCEMENT OF THE DEPENDENT CARE TAX**  
8 **CREDIT.**

9 (a) INCREASE IN DEPENDENT CARE TAX CREDIT.—

10 (1) INCREASE IN INCOMES ELIGIBLE FOR FULL  
11 CREDIT.—Paragraph (2) of section 21(a) of the In-  
12 ternal Revenue Code of 1986 is amended to read as  
13 follows:

14 “(2) APPLICABLE PERCENTAGE DEFINED.—For  
15 purposes of paragraph (1), the term ‘applicable per-  
16 centage’ means 35 percent reduced (but not below  
17 zero) by 1 percentage point for each \$5,000 (or frac-  
18 tion thereof) by which the taxpayer’s adjusted gross  
19 income for the taxable year exceeds \$110,000.”.

20 (2) INCREASE IN DOLLAR LIMIT ON AMOUNT  
21 CREDITABLE.—Subsection (c) of section 21 of the  
22 Internal Revenue Code of 1986 is amended—

23 (A) by striking “\$3,000” in paragraph (1)  
24 and inserting “\$8,000”, and

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

3 (3) INFLATION ADJUSTMENT.—Section 21 of  
4 the Internal Revenue Code of 1986 is amended—

5 (A) by redesignating subsection (f) as sub-  
6 section (g), and

7 (B) by inserting after subsection (e) the  
8 following new subsection:

9 “(f) INFLATION ADJUSTMENT.—

10 “(1) IN GENERAL.—In the case of any taxable  
11 year beginning after 2016, the \$110,000 amount in  
12 subsection (a)(2) and each of the dollar amounts in  
13 subsection (c) shall each be increased by an amount  
14 equal to—

15 “(A) such dollar amount, multiplied by

16 “(B) the cost-of-living adjustment deter-  
17 mined under section 1(f)(3) for the calendar  
18 year in which the taxable year begins, by sub-  
19 stituting ‘2015’ for ‘1992’ in subparagraph (B)  
20 thereof.

21 “(2) ROUNDING.—The amount of any increase  
22 under paragraph (1) shall be rounded—

23 “(A) for purposes of the dollar amount in  
24 subsection (a)(2), the nearest multiple of  
25 \$1,000, and

1                   “(B) for purposes of the dollar amounts in  
2                   subsection (c), the nearest multiple of \$100.”.

3           (b) DEPENDENT CARE TAX CREDIT TO BE REFUND-  
4 ABLE.—

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

7                   (A) by redesignating section 21, as amend-  
8 ed by subsection (a), as section 36C, and

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

14           (2) TECHNICAL AMENDMENTS.—

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

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

21                   (C) Paragraph (1) of section 36C(a) of  
22 such Code (as redesignated by paragraph (1))  
23 is amended by striking “this chapter” and in-  
24 sserting “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 (A) of section  
14 6211(b)(4) of such Code is amended by insert-  
15 ing “36C,” after “36B,”.

16           (I) Subparagraph (H) of section  
17 6213(g)(2) of such Code is amended by striking  
18 “section 21” and inserting “section 36C”.

19           (J) Subparagraph (L) of section  
20 6213(g)(2) of such Code is amended by striking  
21 “section 21, 24, or 32,” and inserting “section  
22 24, 32, or 36C,”.

23           (K) Paragraph (2) of section 1324(b) of  
24 title 31, United States Code, is amended by in-  
25 serting “36C,” after “36B,”.

1 (L) The table of sections for subpart C of  
2 part IV of subchapter A of chapter 1 of the In-  
3 ternal Revenue Code of 1986 is amended by in-  
4 serting after the item relating to section 36B  
5 the following:

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

6 (M) The table of sections for subpart A of  
7 such part IV of such Code is amended by strik-  
8 ing the item relating to section 21.

9 (c) EFFECTIVE DATE.—The amendments made by  
10 this section shall apply to taxable years beginning after  
11 December 31, 2015.

12 **SEC. \_\_\_\_ . FAIR SHARE TAX ON HIGH-INCOME TAXPAYERS.**

13 (a) IN GENERAL.—Subchapter A of chapter 1 of the  
14 Internal Revenue Code of 1986 is amended by adding at  
15 the end the following new part:

16 **“PART VII—FAIR SHARE TAX ON HIGH-INCOME**  
17 **TAXPAYERS**

“Sec. 59A. Fair share tax.

18 **“SEC. 59A. FAIR SHARE TAX.**

19 “(a) GENERAL RULE.—

20 “(1) IMPOSITION OF TAX.—In the case of any  
21 high-income taxpayer, there is hereby imposed for a  
22 taxable year (in addition to any other tax imposed  
23 by this subtitle) a tax equal to the product of—

1           “(A) the amount determined under para-  
2 graph (2), and

3           “(B) a fraction (not to exceed 1)—

4                 “(i) the numerator of which is the ex-  
5 cess of—

6                         “(I) the taxpayer’s adjusted  
7 gross income, over

8                         “(II) the dollar amount in effect  
9 under subsection (c)(1), and

10                 “(ii) the denominator of which is the  
11 dollar amount in effect under subsection  
12 (c)(1).

13           “(2) AMOUNT OF TAX.—The amount of tax de-  
14 termined under this paragraph is an amount equal  
15 to the excess (if any) of—

16                 “(A) the tentative fair share tax for the  
17 taxable year, over

18                 “(B) the excess of—

19                         “(i) the sum of—

20                                 “(I) the regular tax liability (as  
21 defined in section 26(b)) for the tax-  
22 able year, determined without regard  
23 to any tax liability determined under  
24 this section,

1 “(II) the tax imposed by section  
2 55 for the taxable year, plus

3 “(III) the payroll tax for the tax-  
4 able year, over

5 “(ii) the credits allowable under part  
6 IV of subchapter A (other than sections  
7 27(a), 31, and 34).

8 “(b) TENTATIVE FAIR SHARE TAX.—For purposes  
9 of this section—

10 “(1) IN GENERAL.—The tentative fair share tax  
11 for the taxable year is 30 percent of the excess of—

12 “(A) the adjusted gross income of the tax-  
13 payer, over

14 “(B) the modified charitable contribution  
15 deduction for the taxable year.

16 “(2) MODIFIED CHARITABLE CONTRIBUTION  
17 DEDUCTION.—For purposes of paragraph (1)—

18 “(A) IN GENERAL.—The modified chari-  
19 table contribution deduction for any taxable  
20 year is an amount equal to the amount which  
21 bears the same ratio to the deduction allowable  
22 under section 170 (section 642(c) in the case of  
23 a trust or estate) for such taxable year as—

24 “(i) the amount of itemized deduc-  
25 tions allowable under the regular tax (as

1 defined in section 55) for such taxable  
2 year, determined after the application of  
3 section 68, bears to

4 “(ii) such amount, determined before  
5 the application of section 68.

6 “(B) TAXPAYER MUST ITEMIZE.—In the  
7 case of any individual who does not elect to  
8 itemize deductions for the taxable year, the  
9 modified charitable contribution deduction shall  
10 be zero.

11 “(c) HIGH-INCOME TAXPAYER.—For purposes of this  
12 section—

13 “(1) IN GENERAL.—The term ‘high-income tax-  
14 payer’ means, with respect to any taxable year, any  
15 taxpayer (other than a corporation) with an adjusted  
16 gross income for such taxable year in excess of  
17 \$1,000,000 (50 percent of such amount in the case  
18 of a married individual who files a separate return).

19 “(2) INFLATION ADJUSTMENT.—

20 “(A) IN GENERAL.—In the case of a tax-  
21 able year beginning after 2016, the \$1,000,000  
22 amount under paragraph (1) shall be increased  
23 by an amount equal to—

24 “(i) such dollar amount, multiplied by

1                   “(ii) the cost-of-living adjustment de-  
2                   termined under section 1(f)(3) for the cal-  
3                   endar year in which the taxable year be-  
4                   gins, determined by substituting ‘calendar  
5                   year 2015’ for ‘calendar year 1992’ in sub-  
6                   paragraph (B) thereof.

7                   “(B) ROUNDING.—If any amount as ad-  
8                   justed under subparagraph (A) is not a multiple  
9                   of \$10,000, such amount shall be rounded to  
10                  the next lowest multiple of \$10,000.

11                  “(d) PAYROLL TAX.—For purposes of this section,  
12                  the payroll tax for any taxable year is an amount equal  
13                  to the excess of—

14                   “(1) the taxes imposed on the taxpayer under  
15                   sections 1401, 1411, 3101, 3201, and 3211(a) (to  
16                   the extent such tax is attributable to the rate of tax  
17                   in effect under section 3101) with respect to such  
18                   taxable year or wages or compensation received dur-  
19                   ing such taxable year, over

20                   “(2) the deduction allowable under section  
21                   164(f) for such taxable year.

22                  “(e) SPECIAL RULE FOR ESTATES AND TRUSTS.—  
23                  For purposes of this section, in the case of an estate or  
24                  trust, adjusted gross income shall be computed in the  
25                  manner described in section 67(e).



1 (A) Section 162(m)(5) of such Code is  
2 amended—

3 (i) by striking “subparagraphs (B),  
4 (C), and (D) thereof” in subparagraph (E)  
5 and inserting “subparagraph (B) thereof”,  
6 and

7 (ii) by striking “subparagraphs (F)  
8 and (G)” in subparagraph (G) and insert-  
9 ing “subparagraphs (D) and (E)”.

10 (B) Section 162(m)(6) of such Code is  
11 amended—

12 (i) by striking “subparagraphs (B),  
13 (C), and (D) thereof” in subparagraph (D)  
14 and inserting “subparagraph (B) thereof”,  
15 and

16 (ii) by striking “subparagraphs (F)  
17 and (G)” in subparagraph (G) and insert-  
18 ing “subparagraphs (D) and (E)”.

19 (b) EXPANSION OF APPLICABLE EMPLOYER.—Para-  
20 graph (2) of section 162(m) of the Internal Revenue Code  
21 of 1986 is amended to read as follows:

22 “(2) PUBLICLY HELD CORPORATION.—For pur-  
23 poses of this subsection, the term ‘publicly held cor-  
24 poration’ means any corporation which is an issuer

1 (as defined in section 3 of the Securities Exchange  
2 Act of 1934 (15 U.S.C. 78c))—

3 “(A) the securities of which are registered  
4 under section 12 of such Act (15 U.S.C. 78l),  
5 or

6 “(B) that is required to file reports under  
7 section 15(d) of such Act (15 U.S.C. 78o(d)).”.

8 (c) APPLICATION TO ALL CURRENT AND FORMER  
9 OFFICERS, DIRECTORS, AND EMPLOYEES.—

10 (1) IN GENERAL.—Section 162(m) of the Inter-  
11 nal Revenue Code of 1986, as amended by sub-  
12 section (a), is amended—

13 (A) by striking “covered employee” each  
14 place it appears in paragraphs (1) and (4) and  
15 inserting “covered individual”, and

16 (B) by striking “such employee” each  
17 place it appears in subparagraphs (A) and (E)  
18 of paragraph (4) and inserting “such indi-  
19 vidual”.

20 (2) COVERED INDIVIDUAL.—Paragraph (3) of  
21 section 162(m) of such Code is amended to read as  
22 follows:

23 “(3) COVERED INDIVIDUAL.—For purposes of  
24 this subsection, the term ‘covered individual’ means  
25 any individual who is an officer, director, or em-

1        ployee of the taxpayer or a former officer, director,  
2        or employee of the taxpayer.”.

3            (3) CONFORMING AMENDMENTS.—

4            (A) Section 48D(b)(3)(A) of such Code is  
5        amended by inserting “(as in effect for taxable  
6        years beginning before January 1, 2016)” after  
7        “section 162(m)(3)”.

8            (B) Section 409A(b)(3)(D)(ii) of such  
9        Code is amended by inserting “(as in effect for  
10       taxable years beginning before January 1,  
11       2016)” after “section 162(m)(3)”.

12        (d) SPECIAL RULE FOR REMUNERATION PAID TO  
13        BENEFICIARIES, ETC.—Paragraph (4) of section 162(m),  
14        as amended by subsection (a), is amended by adding at  
15        the end the following new subparagraph:

16            “(F) SPECIAL RULE FOR REMUNERATION  
17        PAID TO BENEFICIARIES, ETC.—Remuneration  
18        shall not fail to be applicable employee remun-  
19        eration merely because it is includible in the  
20        income of, or paid to, a person other than the  
21        covered individual, including after the death of  
22        the covered individual.”.

23        (e) REGULATORY AUTHORITY.—





1                   poration by reason of holding stock in the  
2                   domestic corporation, or

3                   “(ii) in the case of an acquisition with  
4                   respect to a domestic partnership, by  
5                   former partners of the domestic partner-  
6                   ship by reason of holding a capital or prof-  
7                   its interest in the domestic partnership.

8                   “(3) EXCEPTION FOR CORPORATIONS WITH  
9                   SUBSTANTIAL BUSINESS ACTIVITIES IN FOREIGN  
10                  COUNTRY OF ORGANIZATION.—A foreign corporation  
11                  described in paragraph (2) shall not be treated as an  
12                  inverted domestic corporation if after the acquisition  
13                  the expanded affiliated group which includes the en-  
14                  tity has substantial business activities in the foreign  
15                  country in which or under the law of which the enti-  
16                  ty is created or organized when compared to the  
17                  total business activities of such expanded affiliated  
18                  group. For purposes of subsection (a)(2)(B)(iii) and  
19                  the preceding sentence, the term ‘substantial busi-  
20                  ness activities’ shall have the meaning given such  
21                  term under regulations in effect on November 30,  
22                  2015, except that the Secretary may issue regula-  
23                  tions increasing the threshold percent in any of the  
24                  tests under such regulations for determining if busi-

1       ness activities constitute substantial business activi-  
2       ties for purposes of this paragraph.”.

3       (b) CONFORMING AMENDMENTS.—

4             (1) Clause (i) of section 7874(a)(2)(B) of such  
5       Code is amended by striking “after March 4, 2003,”  
6       and inserting “after March 4, 2003, and before De-  
7       cember 1, 2015,”.

8             (2) Subsection (c) of section 7874 of such Code  
9       is amended—

10            (A) in paragraph (2)—

11               (i) by striking “subsection  
12               (a)(2)(B)(ii)” and inserting “subsections  
13               (a)(2)(B)(ii) and (b)(2)(B)”, and

14               (ii) by inserting “or (b)(2)(A)” after  
15               “(a)(2)(B)(i)” in subparagraph (B),

16            (B) in paragraph (3), by inserting “or  
17               (b)(2)(B), as the case may be,” after  
18               “(a)(2)(B)(ii)”,

19            (C) in paragraph (5), by striking “sub-  
20               section (a)(2)(B)(ii)” and inserting “sub-  
21               sections (a)(2)(B)(ii) and (b)(2)(B)”, and

22            (D) in paragraph (6), by inserting “or in-  
23               verted domestic corporation, as the case may  
24               be,” after “surrogate foreign corporation”.

1           (c) EFFECTIVE DATE.—The amendments made by  
2 this section shall apply to taxable years ending after No-  
3 vember 30, 2015.