

**AMENDMENT IN THE NATURE OF A SUBSTITUTE
TO H.R. 3300
OFFERED BY MR. NEAL OF MASSACHUSETTS**

Strike all after the enacting clause and insert the following:

1 SECTION 1. SHORT TITLE; ETC.

2 (a) **SHORT TITLE.**—This Act may be cited as the
3 “Economic Mobility Act of 2019”.

4 (b) **TABLE OF CONTENTS.**—The table of contents for
5 this Act is as follows:

Sec. 1. Short title; etc.

TITLE I—EARNED INCOME TAX CREDIT

Sec. 101. Strengthening the earned income tax credit for individuals with no qualifying children.

Sec. 102. Taxpayer eligible for childless earned income credit in case of qualifying children who fail to meet certain identification requirements.

Sec. 103. Credit allowed in case of certain separated spouses.

Sec. 104. Elimination of disqualified investment income test.

Sec. 105. Application of earned income tax credit in possessions of the United States.

TITLE II—CHILD TAX CREDIT

Sec. 201. Child tax credit fully refundable for 2019 and 2020.

Sec. 202. Payments to possessions.

TITLE III—DEPENDENT CARE ASSISTANCE

Sec. 301. Refundability and enhancement of child and dependent care tax credit.

Sec. 302. Increase in exclusion for employer-provided dependent care assistance.

TITLE IV—CERTAIN FRINGE BENEFIT EXPENSES

Sec. 401. Repeal of inclusion of certain fringe benefit expenses in unrelated business taxable income.

1 (c) AMENDMENT OF 1986 CODE.—Except as other-
2 wise expressly provided, whenever in this Act an amend-
3 ment or repeal is expressed in terms of an amendment
4 to, or repeal of, a section or other provision, the reference
5 shall be considered to be made to a section or other provi-
6 sion of the Internal Revenue Code of 1986.

7 **TITLE I—EARNED INCOME TAX**
8 **CREDIT**

9 **SEC. 101. STRENGTHENING THE EARNED INCOME TAX**
10 **CREDIT FOR INDIVIDUALS WITH NO QUALI-**
11 **FYING CHILDREN.**

12 (a) SPECIAL RULES FOR 2019 AND 2020.—Section
13 32 is amended by adding at the end the following new
14 subsection:

15 “(n) SPECIAL RULES FOR INDIVIDUALS WITHOUT
16 QUALIFYING CHILDREN.—In the case of any taxable year
17 beginning in 2019 or 2020—

18 “(1) CREDIT ALLOWED FOR CERTAIN INDIVID-
19 UALS OVER AGE 18.—

20 “(A) IN GENERAL.—Except in the case of
21 a full-time student (or, in the case of a married
22 individual, except if both the individual and the
23 individual’s spouse are full-time students), sub-
24 section (c)(1)(A)(ii)(II) shall be applied by sub-
25 stituting ‘age 19’ for ‘age 25’.

1 “(B) FULL-TIME STUDENT.—For purposes
2 of this paragraph, the term ‘full-time student’
3 means, with respect to a taxable year, an indi-
4 vidual who is an eligible student (as defined in
5 section 25A(b)(3)) during at least 5 calendar
6 months during the taxable year.

7 “(2) INCREASE IN MAXIMUM AGE FOR CRED-
8 IT.—Subsection (c)(1)(A)(ii)(II) shall be applied by
9 substituting ‘age 66’ for ‘age 65’.

10 “(3) INCREASE IN CREDIT AND PHASEOUT PER-
11 CENTAGES.—The table contained in subsection
12 (b)(1) shall be applied by substituting ‘15.3’ for
13 ‘7.65’ each place it appears therein.

14 “(4) INCREASE IN EARNED INCOME AND
15 PHASEOUT AMOUNTS.—

16 “(A) IN GENERAL.—The table contained in
17 subsection (b)(2)(A) shall be applied—

18 “(i) by substituting ‘\$9,570’ for
19 ‘\$4,220’, and

20 “(ii) by substituting ‘\$11,310’ for
21 ‘\$5,280’.

22 “(B) COORDINATION WITH INFLATION AD-
23 JUSTMENT.—

24 “(i) IN GENERAL.—In the case of any
25 taxable year beginning after 2019, the

1 \$9,570 and \$11,310 amounts in subpara-
2 graph (A) shall each be increased by an
3 amount equal to—

4 “(I) such dollar amount, multi-
5 plied by

6 “(II) the cost-of-living adjust-
7 ment determined under section 1(f)(3)
8 for the calendar year in which the tax-
9 able year begins, determined by sub-
10 stituting ‘2018’ for ‘2016’ in subpara-
11 graph (A)(ii) thereof.

12 “(ii) ROUNDING.—If any increase
13 under clause (i) is not a multiple of \$10,
14 such increase shall be rounded to the near-
15 est multiple of \$10.

16 “(iii) COORDINATION WITH OTHER IN-
17 FLATION ADJUSTMENT.—Subsection (j)
18 shall not apply to any dollar amount speci-
19 fied in this paragraph.”.

20 (b) INFORMATION RETURN MATCHING.—As soon as
21 practicable, the Secretary of the Treasury (or the Sec-
22 retary’s delegate) shall develop and implement procedures
23 for checking an individual’s claim for a credit under sec-
24 tion 32 of the Internal Revenue Code of 1986, by reason
25 of subsection (n)(1) thereof, against any information re-

1 turn made with respect to such individual under section
2 6050S (relating to returns relating to higher education
3 tuition and related expenses).

4 (c) EFFECTIVE DATE.—The amendment made by
5 this section shall apply to taxable years beginning after
6 December 31, 2018.

7 **SEC. 102. TAXPAYER ELIGIBLE FOR CHILDLESS EARNED IN-**
8 **COME CREDIT IN CASE OF QUALIFYING CHIL-**
9 **DREN WHO FAIL TO MEET CERTAIN IDENTI-**
10 **FICATION REQUIREMENTS.**

11 (a) IN GENERAL.—Section 32(c)(1) is amended by
12 striking subparagraph (F).

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

16 **SEC. 103. CREDIT ALLOWED IN CASE OF CERTAIN SEPA-**
17 **RATED SPOUSES.**

18 (a) IN GENERAL.—Section 32(d) is amended—

19 (1) by striking “MARRIED INDIVIDUALS.—In
20 the case of” and inserting the following: “MARRIED
21 INDIVIDUALS.—

22 “(1) IN GENERAL.—In the case of”, and

23 (2) by adding at the end the following new
24 paragraph:

1 “(2) DETERMINATION OF MARITAL STATUS.—

2 For purposes of this section—

3 “(A) IN GENERAL.—Except as provided in
4 subparagraph (B), marital status shall be deter-
5 mined under section 7703(a).

6 “(B) SPECIAL RULE FOR SEPARATED
7 SPOUSE.—An individual shall not be treated as
8 married if such individual—

9 “(i) is married (as determined under
10 section 7703(a)) and does not file a joint
11 return for the taxable year,

12 “(ii) lives with a qualifying child of
13 the individual for more than one-half of
14 such taxable year, and

15 “(iii)(I) during the last 6 months of
16 such taxable year, does not have the same
17 principal place of abode as the individual’s
18 spouse, or

19 “(II) has a decree, instrument, or
20 agreement (other than a decree of divorce)
21 described in section 121(d)(3)(C) with re-
22 spect to the individual’s spouse and is not
23 a member of the same household with the
24 individual’s spouse by the end of the tax-
25 able year.”.

1 (b) CONFORMING AMENDMENTS.—

2 (1) Section 32(c)(1)(A) of such Code is amend-
3 ed by striking the last sentence.

4 (2) Section 32(c)(1)(E)(ii) of such Code is
5 amended by striking “(within the meaning of section
6 7703)”.

7 (3) Section 32(d)(1) of such Code, as amended
8 by subsection (a), is amended by striking “(within
9 the meaning of section 7703)”.

10 (c) EFFECTIVE DATE.—The amendments made by
11 this section shall apply to taxable years beginning after
12 the date of the enactment of this Act.

13 **SEC. 104. ELIMINATION OF DISQUALIFIED INVESTMENT IN-**
14 **COME TEST.**

15 (a) IN GENERAL.—Section 32 of the Internal Rev-
16 enue Code of 1986 is amended by striking subsection (i).

17 (b) CONFORMING AMENDMENTS.—

18 (1) Section 32(j)(1) of such Code is amended
19 by striking “subsection (b)(2) and (i)(1)” and in-
20 sserting “subsection (b)(2)”.

21 (2) Section 32(j)(1)(B)(i) of such Code is
22 amended by striking “subsections (b)(2)(A) and
23 (i)(1)” and inserting “subsection (b)(2)(A)”.

24 (3) Section 32(j)(2) of such Code is amended—
25 (A) by striking subparagraph (B), and

1 (B) by striking “ROUNDING.—” and all
2 that follows through “If any dollar amount”
3 and inserting the following: “ROUNDING.—If
4 any dollar amount”.

5 (c) EFFECTIVE DATE.—The amendments made by
6 this section shall apply to taxable years beginning after
7 the date of the enactment of this Act.

8 **SEC. 105. APPLICATION OF EARNED INCOME TAX CREDIT**
9 **IN POSSESSIONS OF THE UNITED STATES.**

10 (a) IN GENERAL.—Chapter 77 of the Internal Rev-
11 enue Code of 1986 is amended by adding at the end the
12 following new section:

13 **“SEC. 7529. APPLICATION OF EARNED INCOME TAX CREDIT**
14 **TO POSSESSIONS OF THE UNITED STATES.**

15 “(a) PUERTO RICO.—

16 “(1) IN GENERAL.—With respect to calendar
17 year 2020 and each calendar year thereafter, the
18 Secretary shall, except as otherwise provided in this
19 subsection, make payments to Puerto Rico equal
20 to—

21 “(A) the specified matching amount for
22 such calendar year, plus

23 “(B) in the case of calendar years 2020
24 through 2024, the lesser of—

1 “(i) the expenditures made by Puerto
2 Rico during such calendar year for edu-
3 cation efforts with respect to individual
4 taxpayers and tax return preparers relat-
5 ing to the earned income tax credit, or

6 “(ii) \$1,000,000.

7 “(2) REQUIREMENT TO REFORM EARNED IN-
8 COME TAX CREDIT.—The Secretary shall not make
9 any payments under paragraph (1) with respect to
10 any calendar year unless Puerto Rico has in effect
11 an earned income tax credit for taxable years begin-
12 ning in or with such calendar year which (relative to
13 the earned income tax credit which was in effect for
14 taxable years beginning in or with calendar year
15 2019) increases the percentage of earned income
16 which is allowed as a credit for each group of indi-
17 viduals with respect to which such percentage is sep-
18 arately stated or determined in a manner designed
19 to substantially increase workforce participation.

20 “(3) SPECIFIED MATCHING AMOUNT.—For pur-
21 poses of this subsection—

22 “(A) IN GENERAL.—The term ‘specified
23 matching amount’ means, with respect to any
24 calendar year, the lesser of—

25 “(i) the excess (if any) of—

1 “(I) the cost to Puerto Rico of
2 the earned income tax credit for tax-
3 able years beginning in or with such
4 calendar year, over

5 “(II) the base amount for such
6 calendar year, or

7 “(ii) the product of 3, multiplied by
8 the base amount for such calendar year.

9 “(B) BASE AMOUNT.—

10 “(i) BASE AMOUNT FOR 2020.—In the
11 case of calendar year 2020, the term ‘base
12 amount’ means the greater of—

13 “(I) the cost to Puerto Rico of
14 the earned income tax credit for tax-
15 able years beginning in or with cal-
16 endar year 2019 (rounded to the
17 nearest multiple of \$1,000,000), or

18 “(II) \$200,000,000.

19 “(ii) INFLATION ADJUSTMENT.—In
20 the case of any calendar year after 2020,
21 the term ‘base amount’ means the dollar
22 amount determined under clause (i) in-
23 creased by an amount equal to—

24 “(I) such dollar amount, multi-
25 plied by—

1 “(II) the cost-of-living adjust-
2 ment determined under section 1(f)(3)
3 for such calendar year, determined by
4 substituting ‘calendar year 2019’ for
5 ‘calendar year 2016’ in subparagraph
6 (A)(ii) thereof.

7 Any amount determined under this clause
8 shall be rounded to the nearest multiple of
9 \$1,000,000.

10 “(4) RULES RELATED TO PAYMENTS AND RE-
11 PORTS.—

12 “(A) TIMING OF PAYMENTS.—The Sec-
13 retary shall make payments under paragraph
14 (1) for any calendar year—

15 “(i) after receipt of the report de-
16 scribed in subparagraph (B) for such cal-
17 endar year, and

18 “(ii) except as provided in clause (i),
19 within a reasonable period of time before
20 the due date for individual income tax re-
21 turns (as determined under the laws of
22 Puerto Rico) for taxable years which began
23 on the first day of such calendar year.

24 “(B) ANNUAL REPORTS.—With respect to
25 calendar year 2020 and each calendar year

1 thereafter, Puerto Rico shall provide to the Sec-
2 retary a report which shall include—

3 “(i) an estimate of the costs described
4 in paragraphs (1)(B)(i) and (3)(A)(i)(I)
5 with respect to such calendar year, and

6 “(ii) a statement of such costs with
7 respect to the preceding calendar year.

8 “(C) ADJUSTMENTS.—

9 “(i) IN GENERAL.—In the event that
10 any estimate of an amount is more or less
11 than the actual amount as later deter-
12 mined and any payment under paragraph
13 (1) was determined on the basis of such
14 estimate, proper payment shall be made
15 by, or to, the Secretary (as the case may
16 be) as soon as practicable after the deter-
17 mination that such estimate was inae-
18 curate. Proper adjustment shall be made in
19 the amount of any subsequent payments
20 made under paragraph (1) to the extent
21 that proper payment is not made under the
22 preceding sentence before such subsequent
23 payments.

24 “(ii) ADDITIONAL REPORTS.—The
25 Secretary may require such additional peri-

1 odic reports of the information described in
2 subparagraph (B) as the Secretary deter-
3 mines appropriate to facilitate timely ad-
4 justments under clause (i).

5 “(D) DETERMINATION OF COST OF
6 EARNED INCOME TAX CREDIT.—For purposes
7 of this subsection, the cost to Puerto Rico of
8 the earned income tax credit shall be deter-
9 mined by the Secretary on the basis of the laws
10 of Puerto Rico and shall include reductions in
11 revenues received by Puerto Rico by reason of
12 such credit and refunds attributable to such
13 credit, but shall not include any administrative
14 costs with respect to such credit.

15 “(E) PREVENTION OF MANIPULATION OF
16 BASE AMOUNT.—No payments shall be made
17 under paragraph (1) if the earned income tax
18 credit as in effect in Puerto Rico for taxable
19 years beginning in or with calendar year 2019
20 is modified after the date of the enactment of
21 this subsection.

22 “(b) POSSESSIONS WITH MIRROR CODE TAX SYS-
23 TEMS.—

24 “(1) IN GENERAL.—With respect to calendar
25 year 2020 and each calendar year thereafter, the

1 Secretary shall, except as otherwise provided in this
2 subsection, make payments to the Virgin Islands,
3 Guam, and the Commonwealth of the Northern Mar-
4 iana Islands equal to—

5 “(A) 75 percent of the cost to such posses-
6 sion of the earned income tax credit for taxable
7 years beginning in or with such calendar year,
8 plus

9 “(B) in the case of calendar years 2020
10 through 2024, the lesser of—

11 “(i) the expenditures made by such
12 possession during such calendar year for
13 education efforts with respect to individual
14 taxpayers and tax return preparers relat-
15 ing to such earned income tax credit, or

16 “(ii) \$50,000.

17 “(2) APPLICATION OF CERTAIN RULES.—Rules
18 similar to the rules of subparagraphs (A), (B), (C),
19 and (D) of subsection (a)(4) shall apply for purposes
20 of this subsection.

21 “(c) AMERICAN SAMOA.—

22 “(1) IN GENERAL.—With respect to calendar
23 year 2020 and each calendar year thereafter, the
24 Secretary shall, except as otherwise provided in this

1 subsection, make payments to American Samoa
2 equal to—

3 “(A) the lesser of—

4 “(i) 75 percent of the cost to Amer-
5 ican Samoa of the earned income tax cred-
6 it for taxable years beginning in or with
7 such calendar year, or

8 “(ii) \$12,000,000, plus

9 “(B) in the case of calendar years 2020
10 through 2024, the lesser of—

11 “(i) the expenditures made by Amer-
12 ican Samoa during such calendar year for
13 education efforts with respect to individual
14 taxpayers and tax return preparers relat-
15 ing to such earned income tax credit, or

16 “(ii) \$50,000.

17 “(2) REQUIREMENT TO ENACT AND MAINTAIN
18 AN EARNED INCOME TAX CREDIT.—The Secretary
19 shall not make any payments under paragraph (1)
20 with respect to any calendar year unless American
21 Samoa has in effect an earned income tax credit for
22 taxable years beginning in or with such calendar
23 year which allows a refundable tax credit to individ-
24 uals on the basis of the taxpayer’s earned income

1 which is designed to substantially increase workforce
2 participation.

3 “(3) INFLATION ADJUSTMENT.—In the case of
4 any calendar year after 2020, the \$12,000,000
5 amount in paragraph (1)(A)(ii) shall be increased by
6 an amount equal to—

7 “(A) such dollar amount, multiplied by—

8 “(B) the cost-of-living adjustment deter-
9 mined under section 1(f)(3) for such calendar
10 year, determined by substituting ‘calendar year
11 2019’ for ‘calendar year 2016’ in subparagraph
12 (A)(ii) thereof.

13 Any increase determined under this clause shall be
14 rounded to the nearest multiple of \$100,000.

15 “(4) APPLICATION OF CERTAIN RULES.—Rules
16 similar to the rules of subparagraphs (A), (B), (C),
17 and (D) of subsection (a)(4) shall apply for purposes
18 of this subsection.

19 “(d) TREATMENT OF PAYMENTS.—For purposes of
20 section 1324 of title 31, United States Code, the payments
21 under this section shall be treated in the same manner
22 as a refund due from a credit provision referred to in sub-
23 section (b)(2) of such section.”.

1 (b) CLERICAL AMENDMENT.—The table of sections
2 for chapter 77 of such Code is amended by adding at the
3 end the following new item:

“Sec. 7529. Application of earned income tax credit to possessions of the
United States.”.

4 **TITLE II—CHILD TAX CREDIT**

5 **SEC. 201. CHILD TAX CREDIT FULLY REFUNDABLE FOR 2019**

6 **AND 2020.**

7 (a) IN GENERAL.—Section 24(h) is amended by add-
8 ing at the end the following new paragraph:

9 “(8) CREDIT FULLY REFUNDABLE FOR 2019
10 AND 2020.—In the case of an individual other than
11 a nonresident alien, for any taxable year beginning
12 in 2019 or 2020—

13 “(A) paragraph (5) of this subsection shall
14 not apply, and

15 “(B) the increase determined under the
16 first sentence of subsection (d)(1) shall be the
17 amount determined under subparagraph (A) of
18 such subsection (determined without regard to
19 paragraph (4) of this subsection).”.

20 (b) EFFECTIVE DATE.—The amendment made by
21 this section shall apply to taxable years beginning after
22 December 31, 2018.

1 **SEC. 202. PAYMENTS TO POSSESSIONS.**

2 (a) MIRROR CODE POSSESSION.—The Secretary of
3 the Treasury shall pay to each possession of the United
4 States with a mirror code tax system amounts equal to
5 the loss to that possession by reason of the application
6 of section 24 of the Internal Revenue Code of 1986 with
7 respect to taxable years beginning after 2018. Such
8 amounts shall be determined by the Secretary of the
9 Treasury based on information provided by the govern-
10 ment of the respective possession.

11 (b) OTHER POSSESSIONS.—The Secretary of the
12 Treasury shall pay to each possession of the United States
13 which does not have a mirror code tax system amounts
14 estimated by the Secretary of the Treasury as being equal
15 to the aggregate benefits that would have been provided
16 to residents of such possession by reason of the application
17 of section 24 of such Code for taxable years beginning
18 after 2018 if the provisions of such section had been in
19 effect in such possession. The preceding sentence shall not
20 apply with respect to any possession of the United States
21 unless such possession has a plan, which has been ap-
22 proved by the Secretary of the Treasury, under which such
23 possession will promptly distribute such payments to the
24 residents of such possession in a manner which replicates
25 to the greatest degree practicable the benefits that would
26 have been so provided to each such resident.

1 (c) COORDINATION WITH CREDIT ALLOWED
2 AGAINST UNITED STATES INCOME TAXES.—

3 (1) IN GENERAL.—No credit shall be allowed
4 against United States income taxes for any taxable
5 year under section 24 of the Internal Revenue Code
6 of 1986 to any person—

7 (A) to whom a credit is allowed against
8 taxes imposed by a possession with a mirror
9 code tax system by reason of the application of
10 section 24 of such Code in such possession for
11 such taxable year, or

12 (B) who is eligible for a payment under a
13 plan described in subsection (b) with respect to
14 such taxable year.

15 (2) RESTRICTION ON REFUNDABLE CREDIT.—
16 In the case of any person to whom a credit would
17 be allowed against taxes imposed by a possession
18 which does not have a mirror code tax system if the
19 provisions of such section 24 had been in effect in
20 such possession for the taxable year (and who is not
21 described in paragraph (1)(B)), section 24(h)(8) of
22 such Code (as added by this Act) shall not apply to
23 such person for such taxable year.

24 (d) DEFINITIONS AND SPECIAL RULES.—

1 (1) POSSESSION OF THE UNITED STATES.—For
2 purposes of this section, the term “possession of the
3 United States” includes the Commonwealth of Puer-
4 to Rico and the Commonwealth of the Northern
5 Mariana Islands.

6 (2) MIRROR CODE TAX SYSTEM.—For purposes
7 of this section, the term “mirror code tax system”
8 means, with respect to any possession of the United
9 States, the income tax system of such possession if
10 the income tax liability of the residents of such pos-
11 session under such system is determined by ref-
12 erence to the income tax laws of the United States
13 as if such possession were the United States.

14 (3) TREATMENT OF PAYMENTS.—For purposes
15 of section 1324(b)(2) of title 31, United States
16 Code, the payments under this section shall be treat-
17 ed in the same manner as a refund due from the
18 credit allowed under section 24 of the Internal Rev-
19 enue Code of 1986.

20 **TITLE III—DEPENDENT CARE** 21 **ASSISTANCE**

22 **SEC. 301. REFUNDABILITY AND ENHANCEMENT OF CHILD** 23 **AND DEPENDENT CARE TAX CREDIT.**

24 (a) IN GENERAL.—Section 21 is amended by adding
25 at the end the following new subsection:

1 “(g) SPECIAL RULES FOR 2019 AND 2020.—In the
2 case of any taxable year beginning in 2019 or 2020—

3 “(1) CREDIT MADE REFUNDABLE.—In the case
4 of an individual other than a nonresident alien, the
5 credit allowed under subsection (a) shall be treated
6 as a credit allowed under subpart C (and not allowed
7 under this subpart).

8 “(2) INCREASE IN APPLICABLE PERCENTAGE.—
9 Subsection (a)(2) shall be applied—

10 “(A) by substituting ‘50 percent’ for ‘35
11 percent’, and

12 “(B) by substituting ‘\$120,000’ for
13 ‘\$15,000’.

14 “(3) INCREASE IN DOLLAR LIMIT ON AMOUNT
15 CREDITABLE.—Subsection (c) shall be applied—

16 “(A) by substituting ‘\$6,000’ for ‘\$3,000’
17 in paragraph (1) thereof, and

18 “(B) by substituting ‘twice the amount in
19 effect under paragraph (1)’ for ‘\$6,000’ in
20 paragraph (2) thereof.

21 “(4) INFLATION ADJUSTMENT OF DOLLAR
22 AMOUNTS.—In the case of any taxable year begin-
23 ning after 2019, the \$120,000 amount in paragraph
24 (2)(B) and the \$6,000 amount in paragraph (3)(A)
25 shall each be increased by an amount equal to—

1 “(A) such dollar amount, multiplied by

2 “(B) the cost-of-living adjustment deter-
3 mined under section 1(f)(3) for the calendar
4 year in which the taxable year begins, deter-
5 mined by substituting ‘2018’ for ‘2016’ in sub-
6 paragraph (A)(ii) thereof.

7 If any increase determined under this paragraph is
8 not a multiple of \$100, such increase shall be round-
9 ed to the next lowest multiple of \$100.”.

10 (b) CONFORMING AMENDMENT.—Section 1324(b)(2)
11 of title 31, United States Code, is amended by inserting
12 “21 (by reason of subsection (g) thereof),” before “25A”.

13 (c) COORDINATION WITH POSSESSION TAX SYS-
14 TEMS.—Section 21(g)(1) of the Internal Revenue Code of
15 1986 (as added by this section) shall not apply to any per-
16 son—

17 (1) to whom a credit is allowed against taxes
18 imposed by a possession with a mirror code tax sys-
19 tem by reason of the application of section 21 of
20 such Code in such possession for such taxable year,
21 or

22 (2) to whom a credit would be allowed against
23 taxes imposed by a possession which does not have
24 a mirror code tax system if the provisions of section

1 21 of such Code had been in effect in such posses-
2 sion for such taxable year.

3 (d) EFFECTIVE DATE.—The amendments made by
4 this section shall apply to taxable years beginning after
5 December 31, 2018.

6 **SEC. 302. INCREASE IN EXCLUSION FOR EMPLOYER-PRO-**
7 **VIDED DEPENDENT CARE ASSISTANCE.**

8 (a) IN GENERAL.—Section 129(a)(2) is amended by
9 adding at the end the following new subparagraph:

10 “(D) SPECIAL RULE FOR 2020 AND 2021.—

11 In the case of any taxable year beginning in
12 2020 or 2021—

13 “(i) IN GENERAL.—Subparagraph (A)
14 shall be applied be substituting ‘\$10,500
15 (half such dollar amount’ for ‘\$5,000
16 (\$2,500’.

17 “(ii) INFLATION ADJUSTMENT.—In
18 the case of any taxable year beginning
19 after 2020, the \$10,500 amount in clause
20 (i) shall be increased by an amount equal
21 to—

22 “(I) such dollar amount, multi-
23 plied by

24 “(II) the cost-of-living adjust-
25 ment determined under section 1(f)(3)

1 for the calendar year in which the tax-
2 able year begins, determined by sub-
3 stituting ‘2019’ for ‘2016’ in subpara-
4 graph (A)(ii) thereof.

5 Any increase determined under the pre-
6 ceding sentence which is not a multiple of
7 \$50, shall be rounded to the nearest mul-
8 tiple of \$50.”.

9 (b) EFFECTIVE DATE.—The amendment made by
10 this section shall apply to taxable years beginning after
11 December 31, 2019.

12 **TITLE IV—CERTAIN FRINGE**
13 **BENEFIT EXPENSES**

14 **SEC. 401. REPEAL OF INCLUSION OF CERTAIN FRINGE BEN-**
15 **EFIT EXPENSES IN UNRELATED BUSINESS**
16 **TAXABLE INCOME.**

17 (a) IN GENERAL.—Section 512(a) is amended by
18 striking paragraph (7).

19 (b) EFFECTIVE DATE.—The amendment made by
20 this section shall take effect as if included in the amend-
21 ments made by section 13703 of Public Law 115–97.

