

108TH CONGRESS
2D SESSION

H. R. 4372

To amend the Internal Revenue Code of 1986 to provide for the carryforward of \$500 of unused benefits in cafeteria plans and flexible spending arrangements for dependent care assistance.

IN THE HOUSE OF REPRESENTATIVES

MAY 17, 2004

Mr. CANTOR (for himself and Mr. KENNEDY of Minnesota) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to provide for the carryforward of \$500 of unused benefits in cafeteria plans and flexible spending arrangements for dependent care assistance.

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 “Working Families As-
5 sistance Act of 2004”.

1 **SEC. 2. CARRYFORWARD OF UNUSED BENEFITS IN CAFETERIA PLANS AND FLEXIBLE SPENDING ARRANGEMENTS FOR DEPENDENT CARE ASSISTANCE.**

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5 (a) IN GENERAL.—Section 125 of the Internal Revenue Code of 1986 (relating to cafeteria plans) is amended
6 by redesignating subsections (h) and (i) as subsections (i)
7 and (j), respectively, and by inserting after subsection (g)
8 the following new subsection:
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10 “(h) CARRYFORWARD OF CERTAIN UNUSED BENEFITS FOR DEPENDENT CARE.—

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12 “(1) IN GENERAL.—For purposes of this title,
13 a plan or other arrangement shall not fail to be
14 treated as a cafeteria plan solely because qualified
15 benefits under such plan include a dependent care
16 flexible spending arrangement under which not more
17 than \$500 of unused dependent care benefits may be
18 carried forward to the succeeding plan year of such
19 dependent care flexible spending arrangement.

20 “(2) DEPENDENT CARE FLEXIBLE SPENDING
21 ARRANGEMENT.—For purposes of this subsection,
22 the term ‘dependent care flexible spending arrange-
23 ment’ means a flexible spending arrangement (as de-
24 fined in section 106(c)) that is a qualified benefit
25 and only permits reimbursement for expenses for de-

1 pendent care assistance which meets the require-
2 ments of section 129(d).

3 “(3) UNUSED DEPENDENT CARE BENEFITS.—
4 For purposes of this subsection, with respect to an
5 employee, the term ‘unused dependent care benefits’
6 means the excess of—

7 “(A) the maximum amount of reimburse-
8 ment allowable to the employee for a plan year
9 under a dependent care flexible spending ar-
10 rangement, over

11 “(B) the actual amount of reimbursement
12 for such year under such arrangement.”.

13 (b) EFFECTIVE DATE.—The amendments made by
14 subsection (a) shall apply to taxable years beginning after
15 December 31, 2003.

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