

108TH CONGRESS
2^D SESSION

H. R. 4372

AN ACT

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.

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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,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Working Families As-
3 sistance Act of 2004”.

4 **SEC. 2. CARRYFORWARD OF UNUSED BENEFITS IN CAFETE-**
5 **TERIA PLANS AND FLEXIBLE SPENDING AR-**
6 **RANGEMENTS FOR DEPENDENT CARE AS-**
7 **SISTANCE.**

8 (a) IN GENERAL.—Section 125 of the Internal Rev-
9 enue Code of 1986 (relating to cafeteria plans) is amended
10 by redesignating subsections (h) and (i) as subsections (i)
11 and (j), respectively, and by inserting after subsection (g)
12 the following new subsection:

13 “(h) CARRYFORWARD OF CERTAIN UNUSED BENE-
14 FITS FOR DEPENDENT CARE.—

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

23 “(2) DEPENDENT CARE FLEXIBLE SPENDING
24 ARRANGEMENT.—For purposes of this subsection,
25 the term ‘dependent care flexible spending arrange-
26 ment’ means a flexible spending arrangement (as de-

1 fined in section 106(c)) that is a qualified benefit
2 and only permits reimbursement for expenses for de-
3 pendent care assistance which meets the require-
4 ments of section 129(d).

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

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

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

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

Passed the House of Representatives June 22, 2004.

Attest:

Clerk.