

109<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

# H. R. 5123

To amend the Internal Revenue Code of 1986 to simplify and provide greater uniformity for child-related tax benefits and to eliminate the potential for abuse created by the uniform definition of child in the Working Families Tax Relief Act of 2004.

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## IN THE HOUSE OF REPRESENTATIVES

APRIL 6, 2006

Mr. DOGGETT (for himself, Mr. RANGEL, Mr. STARK, Mr. LEVIN, Mr. McDERMOTT, Mr. LEWIS of Georgia, Mr. McNULTY, Mr. JEFFERSON, Mr. BECERRA, Mr. POMEROY, Mrs. JONES of Ohio, Mr. THOMPSON of California, Mr. LARSON of Connecticut, Mr. EMANUEL, Mr. ALLEN, Mr. CONYERS, Mr. GRIJALVA, Mr. HINCHEY, Ms. EDDIE BERNICE JOHNSON of Texas, Mr. SHERMAN, Ms. SLAUGHTER, and Ms. SOLIS) introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to simplify and provide greater uniformity for child-related tax benefits and to eliminate the potential for abuse created by the uniform definition of child in the Working Families Tax Relief Act of 2004.

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 “Tax Equity for Chil-  
3 dren and the Working Poor Act of 2006”.

4 **SEC. 2. REPEAL OF UNIFORM DEFINITION OF CHILD.**

5 (a) IN GENERAL.—Title II of the Working Families  
6 Tax Relief Act of 2004 (relating to uniform definition of  
7 child), and the amendments made by such title, and sec-  
8 tion 404 of the Gulf Opportunity Zone Act of 2005, and  
9 the amendments made by such section, are hereby re-  
10 pealed.

11 (b) ADMINISTRATION OF INTERNAL REVENUE CODE  
12 OF 1986.—The Internal Revenue Code of 1986 shall be  
13 applied and administered as if the provisions, and amend-  
14 ments, specified in subsection (a) had never been enacted.

15 (c) CONFORMING AMENDMENT.—Section  
16 1361(c)(1)(C) of such Code is amended by striking “any  
17 eligible foster child of an individual (within the meaning  
18 of section 152(f)(1)(C))” and inserting “any foster child  
19 (as defined in section 152(b)(2)) of an individual”.

20 (d) EFFECTIVE DATE.—This section shall apply to  
21 taxable years beginning after December 31, 2006.

22 **SEC. 3. SIMPLIFICATION OF AND UNIFORM RULES FOR**  
23 **CHILD-RELATED TAX BENEFITS.**

24 (a) WAIVER OF INCOME TEST FOR ALL YOUNG DE-  
25 PENDENTS.—Subparagraph (B) of section 151(c)(1) of  
26 the Internal Revenue Code of 1986 (relating to general

1 rule for additional exemption for dependents), as amended  
2 by section 2 of this Act, is amended by striking “who is  
3 a child of the taxpayer and”.

4 (b) CHILD CREDIT.—Paragraph (1) of section 24(c)  
5 of such Code (defining qualifying child), as amended by  
6 section 2 of this Act, is amended to read as follows:

7 “(1) QUALIFYING CHILD.—The term ‘qualifying  
8 child’ means any individual if—

9 “(A) the taxpayer is allowed a deduction  
10 under section 151 with respect to such indi-  
11 vidual for the taxable year, and

12 “(B) such individual has not attained the  
13 age of 17 as of the close of the calendar year  
14 in which the taxable year of the taxpayer be-  
15 gins.”.

16 (c) EARNED INCOME CREDIT.—Clause (i) of section  
17 32(c)(3)(B) of such Code (relating to general rule defining  
18 relationship test), as amended by section 2 of this Act,  
19 is amended by adding at the end the following flush sen-  
20 tence: “An individual shall be treated as bearing a rela-  
21 tionship to the taxpayer described in the preceding sen-  
22 tence if the taxpayer is entitled to a deduction under sec-  
23 tion 151(c) for such individual.”.

24 (d) CONFORMING AMENDMENTS.—

1           (1) Section 151(c) of such Code, as amended by  
2           section 2 of this Act, is amended by striking para-  
3           graph (3).

4           (2) Section 152(b)(2) of such Code, as amended  
5           by section 2 of this Act, is amended—

6                   (A) by striking “(if such child satisfies the  
7                   requirements of subsection (a)(9) with respect  
8                   to such individual)”, and

9                   (B) by adding at the end the following new  
10                  sentence: “For purposes of the preceding sen-  
11                  tence, the term ‘foster child’ means an indi-  
12                  vidual who is placed with the taxpayer by an  
13                  authorized placement agency or by judgment,  
14                  decree, or other order of any court of competent  
15                  jurisdiction.”.

16          (e) EFFECTIVE DATE.—The amendments made by  
17          this section shall apply to taxable years beginning after  
18          December 31, 2006.

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