

103D CONGRESS  
1ST SESSION

# H. R. 958

To amend the Internal Revenue Code to simplify the earned income credit.

---

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 17, 1993

Mrs. KENNELLY introduced the following bill; which was referred to the  
Committee on Ways and Means

---

## A BILL

To amend the Internal Revenue Code to simplify the earned  
income credit.

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. SIMPLIFICATION OF EARNED INCOME CREDIT.**

4 (a) GENERAL RULE.—Section 32 of the Internal  
5 Revenue Code of 1986 (relating to earned income credit)  
6 is amended by striking subsections (a) and (b) and insert-  
7 ing the following:

8 “(a) ALLOWANCE OF CREDIT.—

9 “(1) IN GENERAL.—In the case of an eligible  
10 individual, there shall be allowed as a credit against  
11 the tax imposed by this subtitle for the taxable year

1 an amount equal to the credit percentage of so much  
 2 of the taxpayer’s earned income for the taxable year  
 3 as does not exceed \$5,714.

4 “(2) LIMITATION.—The amount of the credit  
 5 allowable to a taxpayer under paragraph (1) for any  
 6 taxable year shall not exceed the excess (if any) of—

7 “(A) the credit percentage of \$5,714, over

8 “(B) the phaseout percentage of so much  
 9 of the adjusted gross income (or, if greater, the  
 10 earned income) of the taxpayer for the taxable  
 11 year as exceeds \$9,000.

12 “(b) PERCENTAGES.—For purposes of subsection  
 13 (a)—

14 “(1) IN GENERAL.—Except as otherwise pro-  
 15 vided in this subsection—

“In the case of an eligible individual with:	The credit percentage is:	The phase- out percent- age is:
1 qualifying child .....	23.0 .....	16.43
2 qualifying children .....	29.0 .....	20.71
3 or more qualifying children .....	33.01 .....	23.56

16 “(2) TRANSITIONAL PERCENTAGES.—In the  
 17 case of a taxable year beginning in 1993:

“In the case of an eligible individual with:	The credit percentage is:	The phaseout percentage is:
1 qualifying child .....	18.5 .....	13.21
2 qualifying children .....	23.5 .....	16.78
3 or more qualifying children .....	28.5 .....	20.35”

18 (b) CONFORMING AMENDMENTS.—

1           (1) Paragraph (2) of section 32(f) is amended  
2 by striking “subsection (b)” each place it appears  
3 and inserting “subsection (a)(2)”.

4           (2) Subparagraph (B) of section 32(i)(2) is  
5 amended—

6                 (A) by striking “subsection (b)(1)” in  
7 clause (i) and inserting “subsection (a)”, and

8                 (B) by striking “subsection (b)(1)(B)(ii)”  
9 in clause (ii) and inserting “subsection (a)(2)”.

10           (3) Paragraph (3) of section 162(l) is amended  
11 to read as follows:

12                 “(3) COORDINATION WITH MEDICAL DEDUC-  
13 TION.—Any amount paid by a taxpayer for insur-  
14 ance to which paragraph (1) applies shall not be  
15 taken into account in computing the amount allow-  
16 able to the taxpayer as a deduction under section  
17 213(a).”

18           (4) Section 213 is amended by striking sub-  
19 section (f).

20           (5) Subparagraph (B) of section 3507(c)(2) is  
21 amended by striking clauses (i) and (ii) and insert-  
22 ing the following:

23                 “(i) of not more than the percentage  
24                 (in effect under section 32(a)(1) for an eli-  
25                 gible individual with 1 qualifying child) of

1 earned income not in excess of the amount  
2 of earned income taken into account under  
3 section 32(a)(1), which

4 “(ii) phases out between the amount  
5 of earned income at which the phaseout be-  
6 gins under subsection (a)(2) of section 32  
7 and the amount of earned income at which  
8 the credit under section 32 is phased out  
9 under such subsection for an individual  
10 with 1 qualifying child, or”.

11 (c) EFFECTIVE DATE.—The amendments made by  
12 this section shall apply to taxable years beginning after  
13 December 31, 1992.

14 **SEC. 2. REQUIRED EXPLANATION OF ADVANCE PAYMENT**  
15 **PROVISIONS.**

16 (a) GENERAL RULE.—Section 3507 of the Internal  
17 Revenue Code of 1986 is amended by adding at the end  
18 thereof the following new subsection:

19 “(f) REQUIRED EXPLANATION OF ADVANCE PAY-  
20 MENT PROVISIONS.—The Secretary shall include with any  
21 refund of an overpayment of tax made to an individual  
22 eligible for the credit provided by section 32—

23 “(1) an explanation of the provisions of this  
24 section, and

1           “(2) a copy of the form to be used in furnishing  
2           an earned income eligibility certificate to the individ-  
3           ual’s employer.”

4           (b) EFFECTIVE DATE.—The amendment made by  
5           subsection (a) shall take effect on December 31, 1993.

○