Young Child Tax Credit Act

Did you know that global pharmaceutical company Bayer Healthcare was the corporate co-chair in 2011?

Summary

This act provides for a tax credit in the amount of five percent of the taxpayers earned income for dependents under the age of five, and five percent of the taxpayers earned income for a dependent spouse, not exceeding $10,000.

Model Legislation

{Title, enacting clause, etc.}

Section 1.

(A) Section (insert section and all appropriate chapters and subchapters) of the Revenue Code is amended by redesignating (insert section) as Section (insert new section) and by inserting (insert Section) after the following new Section: (redesignated section) in the case of an individual, there is allowed as a credit against the tax imposed by the subtitle for the taxable year an amount equal to the dependent tax credit amount for the taxable year.

(B) For the purpose of this Section:

(1) The young child tax credit amount for the taxable year is an amount equal to the sum of the applicable credit percentages of so much of the taxpayer's earned income as defined in Section (B)(2) for such year as does not exceed $10,000.

(2) For the purpose of Subsection (B)(1), the applicable credit percentage is:

(a) Five percent for any one qualified dependent child of the taxpayer;

(b) Five percent for a second qualified dependent child of the taxpayer other than the qualified dependent taken into account under Subparagraph (a); and

(c) Five percent for a qualified dependent spouse.

(3) In the case of the taxpayer whose earned income for the taxable year exceeds $30,000, the amount determined under Subsection (B)(1) shall be reduced by an amount equal to the sum of the applicable phaseout percentages of such excess.

(4) For the purpose of Subsection (B)(3) the applicable phase-out percentage is:

(i) $5 for each $100 of income that exceeds the amount specified in Paragraph (3)(a) for any qualified dependent; and

(ii) $5 for each $100 that exceeds the amount specified in Paragraph (3)(a) for each additional qualified dependent taken into account in Paragraph (B)(2)(b).

(C) For the purpose of this Section, the term "qualified dependent" means any individual:

(1) who is a dependent (as defined in section 152 of the Internal Revenue Code) of the taxpayer;

(2) who is a child (as defined in section 151(c)(3) of the Internal Revenue Code) of the taxpayer; and

(3) who has not attained five years of the age at the close of the calendar year in which the taxable year of the taxpayer begins.

Such term does not include any dependent of an individual receiving aid or assistance under Part A or Part E of Title IV of the Social Security Act.

(D) For the purpose of this Section the term "qualified dependent spouse" means any individual who is a dependent spouse (as defined in the Internal Revenue Code) of the taxpayer.

(E) No taxpayer shall receive any credit amount as defined under Paragraph (B)(1) for a qualified dependent spouse unless the taxpayer also claims a credit for at least one dependent child.

(F) In the case of an individual who is legally married, this section shall apply only if a joint return is filed for the taxable year.

(G) Except in the case of a taxable year closed by reason of the death of a taxpayer, no credit shall be allowable under this section in the case if a taxable year covering a period of less than 12 months.

(H) (1) The amount of the credit allowed by this section shall be determined under tables prescribed by (insert appropriate agency).

(2) The tables prescribed under paragraph (H)(1) shall reflect the provisions of Subsections (A) and (B) and shall have income brack-ets of not greater than (insert amount) each for earned income between $0 and the amount of earned income at which the credit is phased down to the amount applicable under subsection (B)(3)(c).

(I) (1) In the case of any taxable year beginning after (insert year), the $10,000 and the $30,000 amounts in subsection (B) shall be increased by an amount equal to:

(a) such dollar amount, multiplied by

(b) the cost-of-living adjustment determined for the calendar year in which the taxable year begins.

(2) If any increase determined under paragraph (I)(1) is not a multiple of $10, such increase shall be rounded to the nearest multiple of $10.

Section 2. {Repealer Clause.}

Were *your* laws repealed?

Section 3. {Severability Clause.}

Section 4. {Effective Date.}

Approved by the Health and Human Services Task Force and approved by the ALEC Board of Directors in 1995.