



(Original Signature of Member)

117TH CONGRESS
1ST SESSION

H. R.

To amend the Internal Revenue Code of 1986 to provide a nonrefundable credit for working family caregivers.

IN THE HOUSE OF REPRESENTATIVES

Ms. SÁNCHEZ introduced the following bill; which was referred to the Committee on _____

A BILL

To amend the Internal Revenue Code of 1986 to provide a nonrefundable credit for working family caregivers.

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 “Credit for Caring Act
5 of 2021”.

6 **SEC. 2. CREDIT FOR WORKING FAMILY CAREGIVERS.**

7 (a) IN GENERAL.—Subpart A of part IV of sub-
8 chapter A of chapter 1 of the Internal Revenue Code of

1 1986 is amended by inserting after section 25D the fol-
2 lowing new section:

3 **“SEC. 25E. WORKING FAMILY CAREGIVERS.**

4 “(a) ALLOWANCE OF CREDIT.—In the case of an eli-
5 gible caregiver, there shall be allowed as a credit against
6 the tax imposed by this chapter for the taxable year an
7 amount equal to 30 percent of the qualified expenses paid
8 by the taxpayer during the taxable year to the extent that
9 such expenses exceed \$2,000.

10 “(b) LIMITATION.—

11 “(1) IN GENERAL.—The amount allowed as a
12 credit under subsection (a) for the taxable year shall
13 not exceed \$5,000.

14 “(2) ADJUSTMENT FOR INFLATION.—In the
15 case of any taxable year beginning after 2021, the
16 dollar amount contained in paragraph (1) shall be
17 increased by an amount equal to the product of—

18 “(A) such dollar amount, and

19 “(B) the medical care cost adjustment de-
20 termined under section 213(d)(10)(B)(ii) for
21 the calendar year in which the taxable year be-
22 gins, determined by substituting ‘2020’ for
23 ‘1996’ in subclause (II) thereof.

1 If any increase determined under the preceding sen-
2 tence is not a multiple of \$50, such increase shall
3 be rounded to the next lowest multiple of \$50.

4 “(c) ELIGIBLE CAREGIVER.—For purposes of this
5 section, the term ‘eligible caregiver’ means an individual
6 who—

7 “(1) during the taxable year pays or incurs
8 qualified expenses in connection with providing care
9 for a qualified care recipient, and

10 “(2) has earned income (as defined in section
11 32(c)(2)) for the taxable year in excess of \$7,500.

12 “(d) QUALIFIED CARE RECIPIENT.—For purposes of
13 this section—

14 “(1) IN GENERAL.—The term ‘qualified care re-
15 cipient’ means, with respect to any taxable year, any
16 individual who—

17 “(A) is the spouse of the eligible caregiver,
18 or any other person who bears a relationship to
19 the eligible caregiver described in any of sub-
20 paragraphs (A) through (H) of section
21 152(d)(2), and

22 “(B) has been certified, before the due
23 date for filing the return of tax for the taxable
24 year, by a licensed health care practitioner (as
25 defined in section 7702B(c)(4)) as being an in-

1 individual with long-term care needs described in
2 paragraph (3) for a period—

3 “(i) which is at least 180 consecutive
4 days, and

5 “(ii) a portion of which occurs within
6 the taxable year.

7 “(2) PERIOD FOR MAKING CERTIFICATION.—
8 Notwithstanding paragraph (1)(B), a certification
9 shall not be treated as valid unless it is made within
10 the 39½-month period ending on such due date (or
11 such other period as the Secretary prescribes).

12 “(3) INDIVIDUALS WITH LONG-TERM CARE
13 NEEDS.—An individual is described in this para-
14 graph if the individual meets any of the following re-
15 quirements:

16 “(A) The individual is at least 6 years of
17 age and—

18 “(i) is unable to perform (without
19 substantial assistance from another indi-
20 vidual) at least 2 activities of daily living
21 (as defined in section 7702B(c)(2)(B)) due
22 to a loss of functional capacity, or

23 “(ii) requires substantial supervision
24 to protect such individual from threats to
25 health and safety due to severe cognitive

1 impairment and is unable to perform, with-
2 out reminding or cuing assistance, at least
3 1 activity of daily living (as so defined) or
4 to the extent provided in regulations pre-
5 scribed by the Secretary (in consultation
6 with the Secretary of Health and Human
7 Services), is unable to engage in age ap-
8 propriate activities.

9 “(B) The individual is at least 2 but not
10 6 years of age and is unable due to a loss of
11 functional capacity to perform (without sub-
12 stantial assistance from another individual) at
13 least 2 of the following activities: eating, trans-
14 ferring, or mobility.

15 “(C) The individual is under 2 years of age
16 and requires specific durable medical equipment
17 by reason of a severe health condition or re-
18 quires a skilled practitioner trained to address
19 the individual’s condition to be available if the
20 individual’s parents or guardians are absent.

21 “(e) QUALIFIED EXPENSES.—For purposes of this
22 section—

23 “(1) IN GENERAL.—Subject to paragraph (4),
24 the term ‘qualified expenses’ means expenditures for
25 goods, services, and supports that—

1 “(A) assist a qualified care recipient with
2 accomplishing activities of daily living (as de-
3 fined in section 7702B(c)(2)(B)) and instru-
4 mental activities of daily living (as defined in
5 section 1915(k)(6)(F) of the Social Security
6 Act (42 U.S.C. 1396n(k)(6)(F))), and

7 “(B) are provided solely for use by such
8 qualified care recipient.

9 “(2) ADJUSTMENT FOR OTHER TAX BENE-
10 FITS.—The amount of qualified expenses otherwise
11 taken into account under paragraph (1) with respect
12 to an individual shall be reduced by the sum of any
13 amounts paid for the benefit of such individual for
14 the taxable year which are—

15 “(A) taken into account under section 21
16 or 213, or

17 “(B) excluded from gross income under
18 section 129, 223(f), or 529A(c)(1)(B).

19 “(3) GOODS, SERVICES, AND SUPPORTS.—For
20 purposes of paragraph (1), goods, services, and sup-
21 ports (as defined by the Secretary) shall include—

22 “(A) human assistance, supervision, cuing
23 and standby assistance,

24 “(B) assistive technologies and devices (in-
25 cluding remote health monitoring),

1 “(C) environmental modifications (includ-
2 ing home modifications),

3 “(D) health maintenance tasks (such as
4 medication management),

5 “(E) information,

6 “(F) transportation of the qualified care
7 recipient,

8 “(G) non-health items (such as inconti-
9 nence supplies), and

10 “(H) coordination of and services for peo-
11 ple who live in their own home, a residential
12 setting, or a nursing facility, as well as the cost
13 of care in these or other locations.

14 “(4) QUALIFIED EXPENSES FOR ELIGIBLE
15 CAREGIVERS.—For purposes of paragraph (1), the
16 following shall be treated as qualified expenses if
17 paid or incurred by an eligible caregiver:

18 “(A) Expenditures for respite care for a
19 qualified care recipient.

20 “(B) Expenditures for counseling, support
21 groups, or training relating to caring for a
22 qualified care recipient.

23 “(C) Lost wages for unpaid time off due to
24 caring for a qualified care recipient as verified
25 by an employer.

1 “(D) Travel costs of the eligible caregiver
2 related to caring for a qualified care recipient.

3 “(E) Expenditures for technologies, as de-
4 termined by the Secretary, that assist an eligi-
5 ble caregiver in providing care for a qualified
6 care recipient.

7 “(5) HUMAN ASSISTANCE.—The term ‘human
8 assistance’ includes the costs of a direct care worker.

9 “(6) DOCUMENTATION.—An expense shall not
10 be taken into account under this section unless the
11 eligible caregiver substantiates such expense under
12 such regulations or guidance as the Secretary shall
13 provide.

14 “(7) MILEAGE RATE.—For purposes of this sec-
15 tion, the mileage rate for the use of a passenger
16 automobile shall be the standard mileage rate used
17 to calculate the deductible costs of operating an
18 automobile for medical purposes. Such rate may be
19 used in lieu of actual automobile-related travel ex-
20 penses.

21 “(8) COORDINATION WITH ABLE ACCOUNTS.—
22 Qualified expenses for a taxable year shall not in-
23 clude contributions to an ABLE account (as defined
24 in section 529A).

1 “(f) PHASE OUT BASED ON ADJUSTED GROSS IN-
2 COME.—For purposes of this section—

3 “(1) IN GENERAL.—The amount of the credit
4 allowable under subsection (a) shall be reduced (but
5 not below zero) by \$100 for each \$1,000 (or fraction
6 thereof) by which the taxpayer’s modified adjusted
7 gross income exceeds the threshold amount.

8 “(2) MODIFIED ADJUSTED GROSS INCOME.—
9 The term ‘modified adjusted gross income’ means
10 adjusted gross income increased by any amount ex-
11 cluded from gross income under section 911, 931, or
12 933.

13 “(3) THRESHOLD AMOUNT.—The term ‘thresh-
14 old amount’ means—

15 “(A) \$150,000 in the case of a joint re-
16 turn, and

17 “(B) \$75,000 in any other case.

18 “(4) INDEXING.—In the case of any taxable
19 year beginning in a calendar year after 2021, each
20 dollar amount contained in paragraph (3) shall be
21 increased by an amount equal to the product of—

22 “(A) such dollar amount, and

23 “(B) the cost-of-living adjustment deter-
24 mined under section 1(f)(3) for the calendar
25 year in which the taxable year begins, deter-

1 mined by substituting ‘calendar year 2020’ for
2 ‘calendar year 2016’ in subparagraph (A)(ii)
3 thereof.

4 “(5) ROUNDING RULE.—If any increase deter-
5 mined under paragraph (4) is not a multiple of \$50,
6 such increase shall be rounded to the next lowest
7 multiple of \$50.

8 “(g) IDENTIFICATION REQUIREMENTS.—No credit
9 shall be allowed under this section to a taxpayer with re-
10 spect to any qualified care recipient unless the taxpayer
11 includes the name and taxpayer identification number of
12 such individual, and the identification number of the li-
13 censed health care practitioner certifying such individual,
14 on the return of tax for the taxable year.”.

15 (b) CLERICAL AMENDMENT.—The table of sections
16 for subpart A of part IV of subchapter A of chapter 1
17 of such Code is amended by inserting after the item relat-
18 ing to section 25D the following new item:

 “Sec. 25E. Working family caregivers.”.

19 (c) EFFECTIVE DATE.—The amendments made by
20 this section shall apply to taxable years beginning after
21 December 31, 2020.