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(Original Signature of Member)

115TH CONGRESS  
1ST SESSION

# H. R.

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To amend the Internal Revenue Code of 1986 to increase the amount excludable from gross income for dependent care assistance and dependent care flexible spending arrangements and to provide for a carryover of unused dependent care benefits in dependent care flexible spending arrangements.

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## IN THE HOUSE OF REPRESENTATIVES

Mr. SENSENBRENNER introduced the following bill; which was referred to the Committee on \_\_\_\_\_

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# A BILL

To amend the Internal Revenue Code of 1986 to increase the amount excludable from gross income for dependent care assistance and dependent care flexible spending arrangements and to provide for a carryover of unused dependent care benefits in dependent care flexible spending arrangements.

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 Parents Tax  
3 Relief Act”.

4 **SEC. 2. INCREASE IN AMOUNT EXCLUDABLE FOR DEPEND-**  
5 **ENT CARE ASSISTANCE AND DEPENDENT**  
6 **CARE FLEXIBLE SPENDING ARRANGEMENTS.**

7 (a) IN GENERAL.—Section 129(a)(2)(A) of the Inter-  
8 nal Revenue Code of 1986 is amended by striking “\$5,000  
9 (\$2,500” and inserting “\$7,500 (½ such amount”.

10 (b) INFLATION ADJUSTMENT.—Section 129(a)(2) of  
11 such Code is amended by adding at the end the following  
12 new subparagraph:

13 “(D) ADJUSTMENT FOR INFLATION.—In  
14 the case of any taxable year beginning after De-  
15 cember 31, 2017, the \$7,500 amount in sub-  
16 paragraph (A) shall be increased by an amount  
17 equal to—

18 “(i) such amount, multiplied by  
19 “(ii) the cost-of-living adjustment de-  
20 termined under section 1(f)(3) for the cal-  
21 endar year in which such taxable year be-  
22 gins by substituting ‘calendar year 2016’  
23 for ‘calendar year 1992’ in subparagraph  
24 (B) thereof.

25 If any increase determined under this subpara-  
26 graph is not a multiple of \$50, such increase

1           shall be rounded to the next lowest multiple of  
2           \$50.”.

3           (c) EFFECTIVE DATE.—The amendments made by  
4 this section shall apply to taxable years beginning after  
5 December 31, 2016.

6 **SEC. 3. CARRYOVER OF UNUSED DEPENDENT CARE BENE-**  
7 **FITS IN CAFETERIA PLANS AND FLEXIBLE**  
8 **SPENDING ARRANGEMENTS.**

9           (a) IN GENERAL.—Section 125(d) of the Internal  
10 Revenue Code of 1986 is amended by adding at the end  
11 the following new paragraph:

12           “(3) CARRYOVER OF UNUSED DEPENDENT  
13 CARE BENEFITS.—Notwithstanding paragraph  
14 (2)(A)—

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

24           “(B) DEPENDENT CARE FLEXIBLE SPEND-  
25 ING ARRANGEMENT.—For purposes of this

1 paragraph, the term ‘dependent care flexible  
2 spending arrangement’ means a flexible spend-  
3 ing arrangement (as defined in section 106(c))  
4 that is a qualified benefit and only permits re-  
5 imbursement for expenses for dependent care  
6 assistance.

7 “(C) UNUSED HEALTH BENEFITS.—For  
8 purposes of this paragraph, with respect to an  
9 employee, the term ‘unused dependent care ben-  
10 efits’ means the excess of—

11 “(i) the maximum amount of reim-  
12 bursement allowable to the employee dur-  
13 ing a plan year under a dependent care  
14 flexible spending arrangement, taking into  
15 account any election by the employee, over

16 “(ii) the actual amount of reimburse-  
17 ment during such year under such ar-  
18 rangement.”.

19 (b) EFFECTIVE DATE.—The amendments made by  
20 this section shall apply to plan years ending after the date  
21 of the enactment of this Act.