

Introduced by Senator Cannella

February 26, 2015

An act to amend Section 17052.6 of the Revenue and Taxation Code, relating to taxation.

LEGISLATIVE COUNSEL'S DIGEST

SB 472, as introduced, Cannella. Income tax credit: child and dependent care expenses.

The Personal Income Tax Law allows various credits against the taxes imposed by that law, including a credit, in modified conformity to a credit allowed by federal income tax laws, in an amount equal to specified percentages of allowable federal credit for employment-related child and dependent care expenses.

This bill would make technical, nonsubstantive changes to these provisions.

Vote: majority. Appropriation: no. Fiscal committee: no. State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 17052.6 of the Revenue and Taxation
- 2 Code is amended to read:
- 3 17052.6. (a) For each taxable year beginning on or after
- 4 January 1, 2000, there shall be allowed as a credit against the "net
- 5 tax", as defined in Section 17039, an amount determined in
- 6 accordance with Section 21 of the Internal Revenue Code, *relating*
- 7 *to expenses for household and dependent care services necessary*
- 8 *for gainful employment*, except that the amount of the credit shall
- 9 be a percentage, as provided in subdivision (b) of the allowable

1 federal credit without taking into account whether there is a federal
2 tax liability.

3 (b) For the purposes of subdivision (a), the percentage of the
4 allowable federal credit shall be determined as follows:

5 (1) For taxable years beginning before January 1, 2003:

6	7	8	9
	If the adjusted gross income is:	The percentage of	credit is:
10	\$40,000 or less.....		63%
11	Over \$40,000 but not over \$70,000.....		53%
12	Over \$70,000 but not over \$100,000.....		42%
13	Over \$100,000.....		0%

14 (2) For taxable years beginning on or after January 1, 2003:

16	17	18	19
	If the adjusted gross income is:	The percentage of	credit is:
20	\$40,000 or less.....		50%
21	Over \$40,000 but not over \$70,000.....		43%
22	Over \$70,000 but not over \$100,000.....		34%
23	Over \$100,000.....		0%

24 (c) For purposes of this section, “adjusted gross income” means
25 adjusted gross income as computed for purposes of paragraph (2)
26 of subdivision (h) of Section 17024.5.

27 (d) The credit authorized by this section shall be ~~limited~~, *limited*
28 as follows:

29 (1) Employment-related expenses, within the meaning of Section
30 21 of the Internal Revenue Code, shall be limited to expenses for
31 household services and care provided in this state.

32 (2) Earned income, within the meaning of Section 21(d) of the
33 Internal Revenue Code, shall be limited to earned income subject
34 to tax under this part. For purposes of this paragraph, compensation
35 received by a member of the ~~armed forces~~ *Armed Forces* for active
36 services as a member of the ~~armed forces~~, *Armed Forces*, other
37 than pensions or retired pay, shall be considered earned income
38 subject to tax under this part, whether or not the member is
39 domiciled in this state.

40 (e) For purposes of this section, Section 21(b)(1) of the Internal
Revenue Code, relating to a qualifying individual, is modified to

1 additionally provide that a child, as defined in Section 151(c)(3)
2 of the Internal Revenue Code, shall be treated, for purposes of
3 Section 152 of the Internal Revenue Code, as applicable for
4 purposes of this section, as receiving over one-half of his or her
5 support during the calendar year from the parent having custody
6 for a greater portion of the calendar year, that parent shall be treated
7 as a “custodial parent,” within the meaning of Section 152(e) of
8 the Internal Revenue Code, as applicable for purposes of this
9 section, and the child shall be treated as a qualifying individual
10 under Section 21(b)(1) of the Internal Revenue Code, as applicable
11 for purposes of this section, if both of the following apply:

12 (1) The child receives over one-half of his or her support during
13 the calendar year from his or her parents who never married each
14 other and who lived apart at all times during the last six months
15 of the calendar year.

16 (2) The child is in the custody of one or both of his or her parents
17 for more than one-half of the calendar year.

18 (f) The amendments to this section made by Section 1.5 of
19 Chapter 824 of the Statutes of 2002 shall apply only to taxable
20 years beginning on or after January 1, 2002.

21 (g) The amendments made to this section by ~~the act adding this~~
22 ~~subdivision~~ *Chapter 14 of the Statutes of 2011* shall apply to
23 taxable years beginning on or after January 1, 2011.