

116TH CONGRESS
1ST SESSION

H. R. 1932

To amend the Internal Revenue Code of 1986 to treat as compensation for purposes of retirement contribution limitations any difficulty of care payments excluded from gross income.

IN THE HOUSE OF REPRESENTATIVES

MARCH 27, 2019

Ms. SCHRIER (for herself, Ms. DELBENE, Mr. PANETTA, Mr. THOMPSON of California, Ms. SÁNCHEZ, Ms. JUDY CHU of California, and Mr. GOMEZ) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to treat as compensation for purposes of retirement contribution limitations any difficulty of care payments excluded from gross income.

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. TREATING EXCLUDED DIFFICULTY OF CARE**
4 **PAYMENTS AS COMPENSATION FOR DETER-**
5 **MINING RETIREMENT CONTRIBUTION LIM-**
6 **TATIONS.**

7 (a) INDIVIDUAL RETIREMENT ACCOUNTS.—

1 (1) IN GENERAL.—Section 408(o) of the Inter-
2 nal Revenue Code of 1986 is amended by adding at
3 the end the following new paragraph:

4 “(5) SPECIAL RULE FOR DIFFICULTY OF CARE
5 PAYMENTS EXCLUDED FROM GROSS INCOME.—In
6 the case of an individual who for a taxable year ex-
7 cludes from gross income under section 131 a quali-
8 fied foster care payment which is a difficulty of care
9 payment, if—

10 “(A) the deductible amount in effect for
11 the taxable year under subsection (b), exceeds

12 “(B) the amount of compensation includ-
13 ible in the individual’s gross income for the tax-
14 able year,

15 the individual may elect to increase the nondeduct-
16 ible limit under paragraph (2) for the taxable year
17 by an amount equal to the lesser of such excess or
18 the amount so excluded.”.

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

22 (b) DEFINED CONTRIBUTION PLANS.—Section
23 415(e) of such Code is amended by adding at the end the
24 following new paragraph:

1 “(8) SPECIAL RULE FOR DIFFICULTY OF CARE
2 PAYMENTS EXCLUDED FROM GROSS INCOME.—

3 “(A) IN GENERAL.—For purposes of para-
4 graph (1)(B), in the case of an individual who
5 for a taxable year excludes from gross income
6 under section 131 a qualified foster care pay-
7 ment which is a difficulty of care payment, the
8 participant’s compensation, or earned income,
9 as the case may be, shall be increased by the
10 amount so excluded.

11 “(B) CONTRIBUTIONS ALLOCABLE TO DIF-
12 FICULTY OF CARE PAYMENTS TREATED AS
13 AFTER-TAX.—Any contribution by the partici-
14 pant which is allocable to an amount so ex-
15 cluded—

16 “(i) shall be treated for purposes of
17 this title as investment in the contract, and

18 “(ii) shall not cause a plan (and any
19 arrangement which is part of such plan) to
20 be treated as failing to meet any require-
21 ments of this chapter solely by reason of
22 allowing any such contributions.”.

1 (c) EFFECTIVE DATE.—The amendment made by
2 this subsection shall apply to plan years beginning after
3 December 31, 2015.

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