

dividual who is, or has been, an employee within the meaning of section 401(c)(1), distributions by a trust described in section 401(a) which is exempt from tax under section 501(a), and added subpar. (E).

Subsec. (d). Pub. L. 87-876 increased the limit on retirement income from \$1,200 to \$1,524, lowered the age requirement in par. (2)(A) from 65 to 62, and substituted provisions in par. (2)(B) which reduce the amount of retirement income for individuals who reach age 62, by one-half the amount of earned income in excess of \$1,200 but not in excess of \$1,700, and by the amount received over \$1,700, for provisions which reduced such income by the amount earned over \$1,200 by persons having reached age 65, and which defined income as in subsec. (g) of this section.

1956—Subsec. (d)(2). Act Jan. 28, 1956, reduced from 75 to 72 the age at which there will be no limitation on earned income and increased from \$900 to \$1,200 the amount that an individual over 65 can earn without reducing the \$1,200 on which the retirement credit is computed.

1955—Subsec. (f). Act Aug. 9, 1955, extended the retirement income tax credit to members of the Armed Forces.

EFFECTIVE DATE OF 1986 AMENDMENT

Amendment by Pub. L. 99-514 applicable to bonds issued after Aug. 15, 1986, except as otherwise provided, see sections 1311 to 1318 of Pub. L. 99-514, set out as an Effective Date; Transitional Rules note under section 141 of this title.

EFFECTIVE DATE OF 1984 AMENDMENT

Amendment by section 474(d) of Pub. L. 98-369 applicable to taxable years beginning after Dec. 31, 1983, and to carrybacks from such years, see section 475(a) of Pub. L. 98-369, set out as a note under section 21 of this title.

EFFECTIVE DATE OF 1983 AMENDMENT

Pub. L. 98-21, title I, §122(d), Apr. 20, 1983, 97 Stat. 87, as amended by Pub. L. 99-514, §2, Oct. 22, 1986, 100 Stat. 2095, provided that:

“(1) IN GENERAL.—The amendments made by this section [amending sections 37 [now 22], 41 [now 24], 44A [now 21], 46, 53, 85, 105, 128, 403, 415, 904, and 7871 of this title] shall apply to taxable years beginning after December 31, 1983.

“(2) TRANSITIONAL RULE.—If an individual’s annuity starting date was deferred under section 105(d)(6) of the Internal Revenue Code of 1986 [formerly I.R.C. 1954] (as in effect on the day before the date of the enactment of this section [Apr. 20, 1983]), such deferral shall end on the first day of such individual’s first taxable year beginning after December 31, 1983.”

EFFECTIVE DATE OF 1981 AMENDMENT

Amendment by Pub. L. 97-34 applicable with respect to taxable years beginning after Dec. 31, 1981, see section 115 of Pub. L. 97-34, set out as a note under section 911 of this title.

EFFECTIVE DATE OF 1978 AMENDMENT

Pub. L. 95-600, title VII, §701(a)(4), Nov. 6, 1978, 92 Stat. 2898, provided that:

“(A) The amendments made by paragraphs (1) and (2) [amending this section] shall apply to taxable years beginning after December 31, 1975.

“(B) The amendments made by paragraph (3) [amending this section] shall apply to taxable years beginning after December 31, 1977.”

EFFECTIVE DATE OF 1976 AMENDMENT

Amendment by Pub. L. 94-455 applicable with respect to taxable years beginning after Dec. 31, 1975, see section 508 of Pub. L. 94-455, set out as a note under section 3 of this title.

EFFECTIVE DATE OF 1974 AMENDMENT

Amendment by Pub. L. 93-406 effective Jan. 1, 1974, see section 2002(i)(2) of Pub. L. 93-406, set out as an Effective Date note under section 4973 of this title.

EFFECTIVE DATE OF 1964 AMENDMENT

Amendment by section 113(a) of Pub. L. 88-272, except for purposes of section 21 [now 15] of this title, effective with respect to taxable years beginning after Dec. 31, 1963, see section 131 of Pub. L. 88-272, set out as a note under section 1 of this title.

Pub. L. 88-272, title II, §201(e), Feb. 26, 1964, 78 Stat. 32, provided that: “The amendments made by subsection (a) [amending section 34 of this title] shall apply with respect to taxable years ending after December 31, 1963. The amendment made by subsection (b) [repealing section 34 of this title] shall apply with respect to taxable years ending after December 31, 1964. The amendment made by subsection (c) [amending section 116 of this title] shall apply with respect to taxable years beginning after December 31, 1963. The amendments made by subsection (d) [amending sections 35, 37 [now 22], 46, 116, 584, 642, 702, 854, 857, 871, 1375, and 6014 of this title] shall apply with respect to dividends received after December 31, 1964, in taxable years ending after such date”.

Pub. L. 88-272, title II, §202(b), Feb. 26, 1964, 78 Stat. 33, provided that: “The amendments made by subsection (a) [amending this section] shall apply to taxable years beginning after December 31, 1963.”

EFFECTIVE DATE OF 1962 AMENDMENT

Pub. L. 87-876, §2, Oct. 24, 1962, 76 Stat. 1199, provided that: “The amendment made by the first section of this Act [amending this section] shall apply only to taxable years ending after the date of the enactment of this Act [Oct. 24, 1962].”

Pub. L. 87-792, §8, Oct. 10, 1962, 76 Stat. 831, provided that: “The amendments made by this Act [enacting sections 405 and 6047 of this title and amending sections 37 [now 22], 62, 72, 101, 104, 105, 172, 401 to 404, 503, 805, 1361, 2039, 2517, 3306, 3401 and 7207 of this title] shall apply to taxable years beginning after December 31, 1962.”

EFFECTIVE DATE OF 1956 AMENDMENT

Act Jan. 28, 1956, ch. 18, §2, 70 Stat. 9, provided that: “The amendment made by the first section of this Act [amending this section] shall apply only with respect to taxable years beginning after December 31, 1955.”

EFFECTIVE DATE OF 1955 AMENDMENT

Act Aug. 9, 1955, ch. 659, §2, 69 Stat. 591, provided that: “The amendment made by this Act [amending this section] shall be applicable to taxable years beginning after December 31, 1954.”

DETERMINATION OF RETIREMENT INCOME CREDIT UNDER PROVISIONS AS THEY EXISTED PRIOR TO AMENDMENT BY PUB. L. 94-455 ELECTION

Pub. L. 95-30, title IV, §403, May 23, 1977, 91 Stat. 155, as amended by Pub. L. 99-514, §2, Oct. 22, 1986, 100 Stat. 2095, provided that: “A taxpayer may elect (at such time and in such manner as the Secretary of the Treasury or his delegate shall prescribe) to determine the amount of his credit under section 37 [now 22] of the Internal Revenue Code of 1986 [formerly I.R.C. 1954] for his first taxable year beginning in 1976 under the provisions of such section as they existed before the amendment made by section 503 of the Tax Reform Act of 1976 [Pub. L. 94-455].”

§ 23. Adoption expenses

(a) Allowance of credit

(1) In general

In the case of an individual, there shall be allowed as a credit against the tax imposed by

this chapter the amount of the qualified adoption expenses paid or incurred by the taxpayer.

(2) Year credit allowed

The credit under paragraph (1) with respect to any expense shall be allowed—

(A) in the case of any expense paid or incurred before the taxable year in which such adoption becomes final, for the taxable year following the taxable year during which such expense is paid or incurred, and

(B) in the case of an expense paid or incurred during or after the taxable year in which such adoption becomes final, for the taxable year in which such expense is paid or incurred.

(3) \$10,000 credit for adoption of child with special needs regardless of expenses

In the case of an adoption of a child with special needs which becomes final during a taxable year, the taxpayer shall be treated as having paid during such year qualified adoption expenses with respect to such adoption in an amount equal to the excess (if any) of \$10,000 over the aggregate qualified adoption expenses actually paid or incurred by the taxpayer with respect to such adoption during such taxable year and all prior taxable years.

(b) Limitations

(1) Dollar limitation

The aggregate amount of qualified adoption expenses which may be taken into account under subsection (a) for all taxable years with respect to the adoption of a child by the taxpayer shall not exceed \$10,000.

(2) Income limitation

(A) In general

The amount allowable as a credit under subsection (a) for any taxable year (determined without regard to subsection (c)) shall be reduced (but not below zero) by an amount which bears the same ratio to the amount so allowable (determined without regard to this paragraph but with regard to paragraph (1)) as—

- (i) the amount (if any) by which the taxpayer's adjusted gross income exceeds \$150,000, bears to
- (ii) \$40,000.

(B) Determination of adjusted gross income

For purposes of subparagraph (A), adjusted gross income shall be determined without regard to sections 911, 931, and 933.

(3) Denial of double benefit

(A) In general

No credit shall be allowed under subsection (a) for any expense for which a deduction or credit is allowed under any other provision of this chapter.

(B) Grants

No credit shall be allowed under subsection (a) for any expense to the extent that funds for such expense are received under any Federal, State, or local program.

(c) Carryforwards of unused credit

(1) In general

If the credit allowable under subsection (a) for any taxable year exceeds the limitation

imposed by section 26(a) for such taxable year reduced by the sum of the credits allowable under this subpart (other than this section and sections 25D and 1400C), such excess shall be carried to the succeeding taxable year and added to the credit allowable under subsection (a) for such taxable year.

(2) Limitation

No credit may be carried forward under this subsection to any taxable year following the fifth taxable year after the taxable year in which the credit arose. For purposes of the preceding sentence, credits shall be treated as used on a first-in first-out basis.

(d) Definitions

For purposes of this section—

(1) Qualified adoption expenses

The term “qualified adoption expenses” means reasonable and necessary adoption fees, court costs, attorney fees, and other expenses—

(A) which are directly related to, and the principal purpose of which is for, the legal adoption of an eligible child by the taxpayer,

(B) which are not incurred in violation of State or Federal law or in carrying out any surrogate parenting arrangement,

(C) which are not expenses in connection with the adoption by an individual of a child who is the child of such individual's spouse, and

(D) which are not reimbursed under an employer program or otherwise.

(2) Eligible child

The term “eligible child” means any individual who—

(A) has not attained age 18, or

(B) is physically or mentally incapable of caring for himself.

(3) Child with special needs

The term “child with special needs” means any child if—

(A) a State has determined that the child cannot or should not be returned to the home of his parents,

(B) such State has determined that there exists with respect to the child a specific factor or condition (such as his ethnic background, age, or membership in a minority or sibling group, or the presence of factors such as medical conditions or physical, mental, or emotional handicaps) because of which it is reasonable to conclude that such child cannot be placed with adoptive parents without providing adoption assistance, and

(C) such child is a citizen or resident of the United States (as defined in section 217(h)(3)).

(e) Special rules for foreign adoptions

In the case of an adoption of a child who is not a citizen or resident of the United States (as defined in section 217(h)(3))—

(1) subsection (a) shall not apply to any qualified adoption expense with respect to such adoption unless such adoption becomes final, and

(2) any such expense which is paid or incurred before the taxable year in which such

adoption becomes final shall be taken into account under this section as if such expense were paid or incurred during such year.

(f) Filing requirements

(1) Married couples must file joint returns

Rules similar to the rules of paragraphs (2), (3), and (4) of section 21(e) shall apply for purposes of this section.

(2) Taxpayer must include TIN

(A) In general

No credit shall be allowed under this section with respect to any eligible child unless the taxpayer includes (if known) the name, age, and TIN of such child on the return of tax for the taxable year.

(B) Other methods

The Secretary may, in lieu of the information referred to in subparagraph (A), require other information meeting the purposes of subparagraph (A), including identification of an agent assisting with the adoption.

(g) Basis adjustments

For purposes of this subtitle, if a credit is allowed under this section for any expenditure with respect to any property, the increase in the basis of such property which would (but for this subsection) result from such expenditure shall be reduced by the amount of the credit so allowed.

(h) Adjustments for inflation

In the case of a taxable year beginning after December 31, 2002, each of the dollar amounts in subsection (a)(3) and paragraphs (1) and (2)(A)(i) of subsection (b) shall be increased by an amount equal to—

- (1) such dollar amount, multiplied by
- (2) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting “calendar year 2001” for “calendar year 1992” in subparagraph (B) thereof.

If any amount as increased under the preceding sentence is not a multiple of \$10, such amount shall be rounded to the nearest multiple of \$10.

(i) Regulations

The Secretary shall prescribe such regulations as may be appropriate to carry out this section and section 137, including regulations which treat unmarried individuals who pay or incur qualified adoption expenses with respect to the same child as 1 taxpayer for purposes of applying the dollar amounts in subsections (a)(3) and (b)(1) of this section and in section 137(b)(1).

(Added Pub. L. 104-188, title I, §1807(a), Aug. 20, 1996, 110 Stat. 1899, §23; amended Pub. L. 105-34, title XVI, §1601(h)(2)(A), (B), Aug. 5, 1997, 111 Stat. 1092; Pub. L. 105-206, title VI, §§6008(d)(6), 6018(f)(1), July 22, 1998, 112 Stat. 812, 823; Pub. L. 107-16, title II, §§201(b)(2)(E), 202(a)(1), (b)(1)(A), (2)(A), (c), (d)(1), (e)(1), (f)(1), (2)(A), June 7, 2001, 115 Stat. 46-49; Pub. L. 107-147, title IV, §§411(c)(1)(A)-(E), 418(a)(1), Mar. 9, 2002, 116 Stat. 45, 57; Pub. L. 109-58, title XIII, §1335(b)(1), Aug. 8, 2005, 119 Stat. 1036; Pub. L. 109-135, title IV, §402(i)(3)(A), (4), Dec. 21, 2005, 119 Stat. 2612, 2615;

Pub. L. 110-343, div. B, title I, §106(e)(2)(A), Oct. 3, 2008, 122 Stat. 3817; renumbered §36C, amended, and renumbered §23, Pub. L. 111-148, title X, §10909(a)(1), (b)(1), (2)(I), (c), Mar. 23, 2010, 124 Stat. 1021, 1022, 1023; Pub. L. 111-312, title I, §101(b)(1), Dec. 17, 2010, 124 Stat. 3298; Pub. L. 112-240, title I, §104(c)(2)(A), Jan. 2, 2013, 126 Stat. 2321.)

INFLATION ADJUSTED ITEMS FOR CERTAIN YEARS

For inflation adjustment of certain items in this section, see Revenue Procedures listed in a table under section 1 of this title.

PRIOR PROVISIONS

A prior section 23, added Pub. L. 95-618, title I, §101(a), Nov. 9, 1978, 92 Stat. 3175, §44C; amended Pub. L. 96-223, title II, §§201, 202(a)-(d), 203(a), Apr. 2, 1980, 94 Stat. 256, 258; renumbered §23 and amended Pub. L. 98-369, div. A, title IV, §§471(c), 474(e), title VI, §612(e)(2), July 18, 1984, 98 Stat. 826, 831, 912, related to residential energy credit, prior to repeal by Pub. L. 101-508, title XI, §11801(a)(1), Nov. 5, 1990, 104 Stat. 1388-520.

AMENDMENTS

2013—Subsec. (b)(4). Pub. L. 112-240, §104(c)(2)(A)(i), struck out par. (4). Prior to amendment, text read as follows: “In the case of a taxable year to which section 26(a)(2) does not apply, the credit allowed under subsection (a) for any taxable year shall not exceed the excess of—

“(A) the sum of the regular tax liability (as defined in section 26(b)) plus the tax imposed by section 55, over

“(B) the sum of the credits allowable under this subpart (other than this section and section 25D) and section 27 for the taxable year.”

Subsec. (c). Pub. L. 112-240, §104(c)(2)(A)(ii), (iii), added par. (1), redesignated par. (3) as (2), and struck out former pars. (1) and (2) which related to rule for years in which all personal credits allowed against regular and alternative minimum tax and rule for other years, respectively.

2010—Subsec. (a)(3). Pub. L. 111-148, §10909(a)(1)(B), (c), as amended by Pub. L. 111-312, temporarily substituted “\$13,170” for “\$10,000” in heading and text. See Effective and Termination Dates of 2010 Amendment note below.

Subsec. (b)(1). Pub. L. 111-148, §10909(a)(1)(A), (c), as amended by Pub. L. 111-312, temporarily substituted “\$13,170” for “\$10,000”. See Effective and Termination Dates of 2010 Amendment note below.

Subsec. (b)(4). Pub. L. 111-148, §10909(b)(2)(I)(i), (c), as amended by Pub. L. 111-312, temporarily struck out par. (4). Text read as follows: “In the case of a taxable year to which section 26(a)(2) does not apply, the credit allowed under subsection (a) for any taxable year shall not exceed the excess of—

“(A) the sum of the regular tax liability (as defined in section 26(b)) plus the tax imposed by section 55, over

“(B) the sum of the credits allowable under this subpart (other than this section and section 25D) and section 27 for the taxable year.”

See Effective and Termination Dates of 2010 Amendment note below.

Subsec. (c). Pub. L. 111-148, §10909(b)(2)(I)(ii), (c), as amended by Pub. L. 111-312, temporarily struck out subsec. (c) which related to carryforwards of unused credit. See Effective and Termination Dates of 2010 Amendment note below.

Subsec. (h). Pub. L. 111-148, §10909(a)(1)(C), (c), as amended by Pub. L. 111-312, temporarily amended subsec. (h) generally. Prior to amendment, subsec. (h) related to adjustments for inflation. See Effective and Termination Dates of 2010 Amendment note below.

2008—Subsec. (b)(4)(B). Pub. L. 110-343 inserted “and section 25D” after “this section”.

2005—Subsec. (b)(4). Pub. L. 109-135, § 402(i)(3)(A)(i), substituted “In the case of a taxable year to which section 26(a)(2) does not apply, the credit” for “The credit” in introductory provisions.

Subsec. (c). Pub. L. 109-135, § 402(i)(3)(A)(ii), reenacted heading without change and amended text generally. Prior to amendment, text read as follows: “If the credit allowable under subsection (a) for any taxable year exceeds the limitation imposed by subsection (b)(4) for such taxable year, such excess shall be carried to the succeeding taxable year and added to the credit allowable under subsection (a) for such taxable year. No credit may be carried forward under this subsection to any taxable year following the fifth taxable year after the taxable year in which the credit arose. For purposes of the preceding sentence, credits shall be treated as used on a first-in first-out basis.”

Pub. L. 109-58, § 1335(b)(1), which directed amendment of subsec. (c) by substituting “this section, section 25D, and section 1400C” for “this section and section 1400C”, was repealed by Pub. L. 109-135, § 402(i)(4). See Effective and Termination Dates of 2005 Amendment notes below.

2002—Subsec. (a)(1). Pub. L. 107-147, § 411(c)(1)(A), reenacted heading without change and amended text of par. (1) generally. Prior to amendment, text read as follows: “In the case of an individual, there shall be allowed as a credit against the tax imposed by this chapter—

“(A) in the case of an adoption of a child other than a child with special needs, the amount of the qualified adoption expenses paid or incurred by the taxpayer, and

“(B) in the case of an adoption of a child with special needs, \$10,000.”

Subsec. (a)(2). Pub. L. 107-147, § 411(c)(1)(C), struck out concluding provisions which read as follows: “In the case of the adoption of a child with special needs, the credit allowed under paragraph (1) shall be allowed for the taxable year in which the adoption becomes final.”

Subsec. (a)(3). Pub. L. 107-147, § 411(c)(1)(B), added par. (3).

Subsec. (b)(1). Pub. L. 107-147, § 411(c)(1)(D), substituted “subsection (a)” for “subsection (a)(1)(A)”.

Subsec. (h). Pub. L. 107-147, § 418(a)(1), substituted “subsection (a)(3)” for “subsection (a)(1)(B)” in introductory provisions and inserted concluding provisions.

Subsec. (i). Pub. L. 107-147, § 411(c)(1)(E), substituted “the dollar amounts in subsections (a)(3) and (b)(1)” for “the dollar limitation in subsection (b)(1)”.

2001—Subsec. (a)(1). Pub. L. 107-16, § 202(a)(1), amended heading and text of par. (1) generally. Prior to amendment, text read as follows: “In the case of an individual, there shall be allowed as a credit against the tax imposed by this chapter the amount of the qualified adoption expenses paid or incurred by the taxpayer.”

Subsec. (a)(2). Pub. L. 107-16, § 202(c), inserted concluding provisions.

Subsec. (b)(1). Pub. L. 107-16, § 202(b)(1)(A), substituted “subsection (a)(1)(A)” for “subsection (a)” and “\$10,000” for “\$5,000” and struck out “(\$6,000, in the case of a child with special needs)” before period at end.

Subsec. (b)(2)(A)(i). Pub. L. 107-16, § 202(b)(2)(A), substituted “\$150,000” for “\$75,000”.

Subsec. (b)(4). Pub. L. 107-16, § 202(f)(1), added par. (4).

Subsec. (c). Pub. L. 107-16, § 202(f)(2)(A), substituted “subsection (b)(4)” for “section 26(a)” and struck out “reduced by the sum of the credits allowable under this subpart (other than this section and sections 24 and 1400C)” before “, such excess”.

Pub. L. 107-16, § 201(b)(2)(E), substituted “and sections 24 and 1400C” for “and section 1400C”.

Subsec. (d)(2). Pub. L. 107-16, § 202(d)(1), amended heading and text of par. (2) generally. Prior to amendment, text read as follows: “The term ‘eligible child’ means any individual—

“(A) who—

“(i) has not attained age 18, or

“(ii) is physically or mentally incapable of caring for himself, and

“(B) in the case of qualified adoption expenses paid or incurred after December 31, 2001, who is a child with special needs.”

Subsecs. (h), (i). Pub. L. 107-16, § 202(e)(1), added subsec. (h) and redesignated former subsec. (h) as (i).

1998—Subsec. (b)(2)(A). Pub. L. 105-206, § 6018(f)(1), inserted “(determined without regard to subsection (c))” after “for any taxable year” in introductory provisions.

Subsec. (c). Pub. L. 105-206, § 6008(d)(6), inserted “and section 1400C” after “other than this section”.

1997—Subsec. (a)(2). Pub. L. 105-34, § 1601(h)(2)(A), amended heading and text of par. (2) generally. Prior to amendment, text read as follows: “The credit under paragraph (1) with respect to any expense shall be allowed—

“(A) for the taxable year following the taxable year during which such expense is paid or incurred, or

“(B) in the case of an expense which is paid or incurred during the taxable year in which the adoption becomes final, for such taxable year.”

Subsec. (b)(2)(B). Pub. L. 105-34, § 1601(h)(2)(B), substituted “determined without regard to sections 911, 931, and 933.” for “determined—

“(i) without regard to sections 911, 931, and 933, and

“(ii) after the application of sections 86, 135, 137, 219, and 469.”

EFFECTIVE DATE OF 2013 AMENDMENT

Pub. L. 112-240, title I, § 104(d), Jan. 2, 2013, 126 Stat. 2323, provided that: “The amendments made by this section [amending this section and sections 24, 25, 25A, 25B, 25D, 26, 30, 30B, 30D, 55, 904, and 1400C of this title] shall apply to taxable years beginning after December 31, 2011.”

EFFECTIVE AND TERMINATION DATES OF 2010 AMENDMENT

Amendment by Pub. L. 111-148 terminated applicable to taxable years beginning after Dec. 31, 2011, and section is amended to read as if such amendment had never been enacted, see section 10909(c) of Pub. L. 111-148, set out as a note under section 1 of this title.

Amendment by Pub. L. 111-148 applicable to taxable years beginning after Dec. 31, 2009, see section 10909(d) of Pub. L. 111-148, set out as a note under section 1 of this title.

EFFECTIVE AND TERMINATION DATES OF 2008 AMENDMENT

Pub. L. 110-343, div. B, title I, § 106(f), Oct. 3, 2008, 122 Stat. 3817, provided that:

“(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section [amending this section and sections 24, 25B, 25D, 26, and 45 of this title] shall apply to taxable years beginning after December 31, 2007.

“(2) SOLAR ELECTRIC PROPERTY LIMITATION.—The amendments made by subsection (b) [amending section 25D of this title] shall apply to taxable years beginning after December 31, 2008.

“(3) APPLICATION OF EGTRRA SUNSET.—The amendments made by subparagraphs (A) and (B) of subsection (e)(2) [amending this section and section 24 of this title] shall be subject to title IX of the Economic Growth and Tax Relief Reconciliation Act of 2001 [Pub. L. 107-16, § 901, which was repealed by Pub. L. 112-240, title I, § 101(a)(1), Jan. 2, 2013, 126 Stat. 2315, was formerly set out as an Effective and Termination Dates of 2001 Amendment note under section 1 of this title] in the same manner as the provisions of such Act to which such amendments relate.”

EFFECTIVE AND TERMINATION DATES OF 2005 AMENDMENT

Pub. L. 109-135, title IV, § 402(i)(3)(H), Dec. 21, 2005, 119 Stat. 2615, provided that: “The amendments made by this paragraph [amending this section and sections 24, 25, 25B, 25D, 904, and 1400C of this title] (and each part thereof) shall be subject to title IX of the Economic

Growth and Tax Relief Reconciliation Act of 2001 [Pub. L. 107-16, § 901, which was repealed by Pub. L. 112-240, title I, § 101(a)(1), Jan. 2, 2013, 126 Stat. 2315, was formerly set out as an Effective and Termination Dates of 2001 Amendment note under section 1 of this title] in the same manner as the provisions of such Act to which such amendment (or part thereof) relates.”

Pub. L. 109-135, title IV, § 402(i)(4), Dec. 21, 2005, 119 Stat. 2615, struck out Pub. L. 109-58, § 1335(b)(1)–(3), and provided in part that: “The Internal Revenue Code of 1986 shall be applied and administered as if the amendments made [by] such paragraphs [amending this section and sections 25 and 1400C of this title] had never been enacted.”

Pub. L. 109-135, title IV, § 402(m), Dec. 21, 2005, 119 Stat. 2615, provided that:

“(1) IN GENERAL.—Except as provided in paragraphs (2) and (3), the amendments made by this section [see Tables for classification] shall take effect as if included in the provisions of the Energy Policy Act of 2005 [Pub. L. 109-58] to which they relate.

“(2) REPEAL OF PUBLIC UTILITY HOLDING COMPANY ACT OF 1935.—The amendments made by subsection (a) [amending sections 121, 246, 247, 1223, 1245, and 1250 of this title and repealing sections 1081 to 1083 of this title] shall not apply with respect to any transaction ordered in compliance with the Public Utility Holding Company Act of 1935 [15 U.S.C. 79 et seq.] before its repeal.

“(3) COORDINATION OF PERSONAL CREDITS.—The amendments made by subsection (i)(3) [amending this section and sections 24, 25, 25B, 25D, 904, and 1400C of this title] shall apply to taxable years beginning after December 31, 2005.”

Pub. L. 109-58, title XIII, § 1335(c), Aug. 8, 2005, 119 Stat. 1036, provided that: “The amendments made by this section [enacting section 25D of this title and amending this section and sections 25, 1016, and 1400C of this title] shall apply to property placed in service after December 31, 2005, in taxable years ending after such date.”

EFFECTIVE DATE OF 2002 AMENDMENT

Pub. L. 107-147, title IV, § 411(c)(3), Mar. 9, 2002, 116 Stat. 46, provided that: “The amendments made by this subsection [amending this section and section 137 of this title] shall apply to taxable years beginning after December 31, 2002; except that the amendments made by paragraphs (1)(C), (1)(D) [amending this section], and (2)(B) [amending section 137 of this title] shall apply to taxable years beginning after December 31, 2001.”

Amendment by section 418(a)(1) of Pub. L. 107-147 effective as if included in the provisions of the Economic Growth and Tax Relief Reconciliation Act of 2001, Pub. L. 107-16, to which such amendment relates, see section 418(c) of Pub. L. 107-147, set out as a note under section 21 of this title.

EFFECTIVE DATE OF 2001 AMENDMENT

Pub. L. 108-311, title III, § 312(b)(2), Oct. 4, 2004, 118 Stat. 1181, provided that: “The amendments made by sections 201(b), 202(f), and 618(b) of the Economic Growth and Tax Relief Reconciliation Act of 2001 [Pub. L. 107-16, amending this section and sections 24, 25, 25B, 26, 904, and 1400C of this title] shall not apply to taxable years beginning during 2004 or 2005.”

Pub. L. 107-147, title VI, § 601(b)(2), Mar. 9, 2002, 116 Stat. 59, provided that: “The amendments made by sections 201(b), 202(f), and 618(b) of the Economic Growth and Tax Relief Reconciliation Act of 2001 [Pub. L. 107-16, amending this section and sections 24, 25, 25B, 26, 904, and 1400C of this title] shall not apply to taxable years beginning during 2002 and 2003.”

Amendment by section 201(b)(2)(E) of Pub. L. 107-16 applicable to taxable years beginning after Dec. 31, 2001, see section 201(e)(2) of Pub. L. 107-16, set out as a note under section 24 of this title.

Pub. L. 107-16, title II, § 202(g), June 7, 2001, 115 Stat. 49, provided that:

“(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section [amending this section and sections 24, 26, 137, 904, and 1400C of this title] shall apply to taxable years beginning after December 31, 2001.

“(2) SUBSECTION (a).—The amendments made by subsection (a) [amending this section and section 137 of this title] shall apply to taxable years beginning after December 31, 2002.”

EFFECTIVE DATE OF 1998 AMENDMENT

Pub. L. 105-206, title VI, § 6018(h), July 22, 1998, 112 Stat. 823, provided that: “The amendments made by this section [amending this section and sections 219, 408, 414, and 679 of this title and amending provisions set out as notes under sections 167 and 4091 of this title] shall take effect as if included in the provisions of the Small Business Job Protection Act of 1996 [Pub. L. 104-188] to which they relate.”

Amendment by section 6008(d)(6) of Pub. L. 105-206 effective, except as otherwise provided, as if included in the provisions of the Taxpayer Relief Act of 1997, Pub. L. 105-34, to which such amendment relates, see section 6024 of Pub. L. 105-206, set out as a note under section 1 of this title.

EFFECTIVE DATE OF 1997 AMENDMENT

Pub. L. 105-34, title XVI, § 1601(j), Aug. 5, 1997, 111 Stat. 1093, provided that:

“(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section [amending this section, sections 30A, 52, 55, 137, 401, 403, 404, 408, 414, 512, 529, 593, 641, 679, 860L, 956, 1361, 1374, 4001, 4041, 4092, 4261, 6039D, 6048, 6050R, 6501, 6693, 7701, and 9503 of this title, section 1055 of Title 29, Labor, and provisions set out as notes under sections 529 and 4091 of this title] shall take effect as if included in the provisions of the Small Business Job Protection Act of 1996 [Pub. L. 104-188] to which they relate.

“(2) CERTAIN ADMINISTRATIVE REQUIREMENTS WITH RESPECT TO CERTAIN PENSION PLANS.—The amendment made by subsection (d)(2)(D) [amending section 401 of this title] shall apply to calendar years beginning after the date of the enactment of this Act [Aug. 5, 1997].”

EFFECTIVE DATE

Pub. L. 104-188, title I, § 1807(e), Aug. 20, 1996, 110 Stat. 1903, provided that: “The amendments made by this section [enacting this section and section 137 of this title, renumbering former section 137 of this title as section 138, and amending sections 25, 86, 135, 219, 469, and 1016 of this title] shall apply to taxable years beginning after December 31, 1996.”

EXPENSES PAID OR INCURRED BEFORE 2002

Pub. L. 107-147, title IV, § 411(c)(1)(F), Mar. 9, 2002, 116 Stat. 45, provided that: “Expenses paid or incurred during any taxable year beginning before January 1, 2002, may be taken into account in determining the credit under section 23 of the Internal Revenue Code of 1986 only to the extent the aggregate of such expenses does not exceed the applicable limitation under section 23(b)(1) of such Code as in effect on the day before the date of the enactment of the Economic Growth and Tax Relief Reconciliation Act of 2001 [June 7, 2001].”

TAX CREDIT AND GROSS INCOME EXCLUSION STUDY AND REPORT

Pub. L. 104-188, title I, § 1807(d), Aug. 20, 1996, 110 Stat. 1903, provided that: “The Secretary of the Treasury shall study the effect on adoptions of the tax credit and gross income exclusion established by the amendments made by this section [enacting this section and section 137 of this title, renumbering former section 137 of this title as section 138, and amending sections 25, 86, 135, 219, 469, and 1016 of this title] and shall submit a report regarding the study to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives not later than January 1, 2000.”

§ 24. Child tax credit**(a) Allowance of credit**

There shall be allowed as a credit against the tax imposed by this chapter for the taxable year with respect to each qualifying child of the taxpayer for which the taxpayer is allowed a deduction under section 151 an amount equal to \$1,000.

(b) Limitations**(1) Limitation based on adjusted gross income**

The amount of the credit allowable under subsection (a) shall be reduced (but not below zero) by \$50 for each \$1,000 (or fraction thereof) by which the taxpayer's modified adjusted gross income exceeds the threshold amount. For purposes of the preceding sentence, the term "modified adjusted gross income" means adjusted gross income increased by any amount excluded from gross income under section 911, 931, or 933.

(2) Threshold amount

For purposes of paragraph (1), the term "threshold amount" means—

- (A) \$110,000 in the case of a joint return,
- (B) \$75,000 in the case of an individual who is not married, and
- (C) \$55,000 in the case of a married individual filing a separate return.

For purposes of this paragraph, marital status shall be determined under section 7703.

(c) Qualifying child

For purposes of this section—

(1) In general

The term "qualifying child" means a qualifying child of the taxpayer (as defined in section 152(c)) who has not attained age 17.

(2) Exception for certain noncitizens

The term "qualifying child" shall not include any individual who would not be a dependent if subparagraph (A) of section 152(b)(3) were applied without regard to all that follows "resident of the United States".

(d) Portion of credit refundable**(1) In general**

The aggregate credits allowed to a taxpayer under subpart C shall be increased by the lesser of—

- (A) the credit which would be allowed under this section without regard to this subsection and the limitation under section 26(a) or
- (B) the amount by which the aggregate amount of credits allowed by this subpart (determined without regard to this subsection) would increase if the limitation imposed by section 26(a) were increased by the greater of—

- (i) 15 percent of so much of the taxpayer's earned income (within the meaning of section 32) which is taken into account in computing taxable income for the taxable year as exceeds \$3,000, or
- (ii) in the case of a taxpayer with 3 or more qualifying children, the excess (if any) of—

- (I) the taxpayer's social security taxes for the taxable year, over

- (II) the credit allowed under section 32 for the taxable year.

The amount of the credit allowed under this subsection shall not be treated as a credit allowed under this subpart and shall reduce the amount of credit otherwise allowable under subsection (a) without regard to section 26(a). For purposes of subparagraph (B), any amount excluded from gross income by reason of section 112 shall be treated as earned income which is taken into account in computing taxable income for the taxable year.

(2) Social security taxes

For purposes of paragraph (1)—

(A) In general

The term "social security taxes" means, with respect to any taxpayer for any taxable year—

- (i) the amount of the taxes imposed by sections 3101 and 3201(a) on amounts received by the taxpayer during the calendar year in which the taxable year begins,
- (ii) 50 percent of the taxes imposed by section 1401 on the self-employment income of the taxpayer for the taxable year, and
- (iii) 50 percent of the taxes imposed by section 3211(a) on amounts received by the taxpayer during the calendar year in which the taxable year begins.

(B) Coordination with special refund of social security taxes

The term "social security taxes" shall not include any taxes to the extent the taxpayer is entitled to a special refund of such taxes under section 6413(c).

(C) Special rule

Any amounts paid pursuant to an agreement under section 3121(l) (relating to agreements entered into by American employers with respect to foreign affiliates) which are equivalent to the taxes referred to in subparagraph (A)(i) shall be treated as taxes referred to in such subparagraph.

[(3), (4) Repealed. Pub. L. 114-113, div. Q, title I, § 101(b), Dec. 18, 2015, 129 Stat. 3044]

(5) Exception for taxpayers excluding foreign earned income

Paragraph (1) shall not apply to any taxpayer for any taxable year if such taxpayer elects to exclude any amount from gross income under section 911 for such taxable year.

(e) Identification requirements**(1) Qualifying child identification requirement**

No credit shall be allowed under this section to a taxpayer with respect to any qualifying child unless the taxpayer includes the name and taxpayer identification number of such qualifying child on the return of tax for the taxable year and such taxpayer identification number was issued on or before the due date for filing such return.

(2) Taxpayer identification requirement

No credit shall be allowed under this section if the identifying number of the taxpayer was