112TH CONGRESS
1ST SESSION **H. R. 1576**

To amend the Internal Revenue Code of 1986 to allow penalty-free withdrawals from individual retirement plans for adoption expenses.

IN THE HOUSE OF REPRESENTATIVES

APRIL 15, 2011

Mr. KING of New York (for himself, Mr. RANGEL, Mr. PAUL, Mr. GRIMM, Mr. MEEKS, Mr. HUIZENGA of Michigan, and Mr. TIBERI) introduced the following bill; which was referred to the Committee on Ways and Means

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A BILL

To amend the Internal Revenue Code of 1986 to allow pen-alty-free withdrawals from individual retirement plans for adoption expenses.

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 "Dave Thomas Adop-

5 tion Act of 2011".

SEC. 2. PENALTY-FREE WITHDRAWALS FROM INDIVIDUAL RETIREMENT PLANS FOR ADOPTION EX-PENSES.

(a) IN GENERAL.—Paragraph (2) of section 72(t) of the Internal Revenue Code of 1986 is amended by adding at the end the following new subparagraph:

"(H) QUALIFIED ADOPTION EXPENSES.—

"(i) IN GENERAL.—Distributions from an individual retirement plan to the extent that the amount of such distributions does not exceed the lesser of—

"(I) $10,000 for the taxable year with respect to the adoption of a child, or

"(II) the amount determined under clause (ii).

"(ii) DETERMINATION OF EXPENSES NOT COVERED BY CREDIT.—The amount determined under this clause is the excess (if any) of—

"(I) the qualified adoption expenses (as defined in section 23(d)) paid by the taxpayer during the taxable year with respect to the adoption of such child, over

1   ''(II) the amount of the credit al-

2   lowable under section 23 for such ex-

3   penses (determined as if such credit

4   were allowed for such year without re-

5   gard to any limitation based on liabil-

6   ity for tax).

7   ''(iii) SPECIAL RULES FOR CHILD

8   WITH SPECIAL NEEDS.—In the case of an

9   adoption of a child with special needs (as

10   defined in section 23(d)(3)—

11   ''(I) subclauses (I) and (II) of

12   clause (i) shall not apply, and

13   ''(II) a distribution during the

14   applicable period from an individual

15   retirement plan with respect to such

16   adoption shall not be taken into ac-

17   count under this subparagraph to the

18   extent that such distribution, when

19   added to all other distributions with

20   respect to such adoption from indi-

21   vidual retirement plans for the appli-

22   cable period, exceeds $10,000.

23   For purposes of subclause (II), the term

24   'applicable period' means the 3-taxable

1   year period beginning with the taxable year

2   in which such adoption becomes final.

3   "(iv) ORDERING RULE.—Distributions

4   shall not be taken into account under

5   clause (i) if such distributions are de-

6   scribed in subparagraph (A), (C), (D), (E),

7   (F), or (G) or to the extent paragraph (1)

8   does not apply to such distributions by rea-

9   son of subparagraph (B).".

10 (b) EFFECTIVE DATE.—The amendment made by

11 this section shall apply to distributions after the date of

12 the enactment of this Act.

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