

117TH CONGRESS
1ST SESSION

S. 1426

To amend the Internal Revenue Code of 1986 to establish a refundable tax credit for parents.

IN THE SENATE OF THE UNITED STATES

APRIL 28, 2021

Mr. HAWLEY introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to establish a refundable tax credit for parents.

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 “Parent Tax Credit
5 Act”.

6 **SEC. 2. ESTABLISHMENT OF PARENT TAX CREDIT.**

7 (a) IN GENERAL.—Subpart C of part IV of sub-
8 chapter A of chapter 1 of the Internal Revenue Code of
9 1986 is amended by inserting after section 36B the fol-
10 lowing new section:

1 **“SEC. 36C. PARENT TAX CREDIT.**

2 “(a) IN GENERAL.—In the case of an eligible indi-
3 vidual, there shall be allowed as a credit against the tax
4 imposed by this subtitle for the taxable year an amount
5 equal to \$6,000 (\$12,000 in the case of a joint return).

6 “(b) LIMITATION BASED ON EARNED INCOME.—

7 “(1) IN GENERAL.—No credit shall be allowed
8 under this section to any taxpayer for any taxable
9 year in which the earned income (as defined in sec-
10 tion 32(c)(2)) of such taxpayer during such taxable
11 year is not equal to or greater than the minimum in-
12 come level.

13 “(2) MINIMUM INCOME LEVEL.—For purposes
14 of this subsection, the minimum income level shall
15 be an amount equal to the product of—

16 “(A) the minimum wage rate in effect
17 under section 6(a)(1) of the Fair Labor Stand-
18 ards Act of 1938 (29 U.S.C. 206(a)(1)), multi-
19 plied by

20 “(B) 1040 hours.

21 “(c) ELIGIBLE INDIVIDUAL.—The term ‘eligible indi-
22 vidual’ means any individual—

23 “(1) who, for the taxable year, has a qualifying
24 child (as defined in section 152(c)) who has not at-
25 tained age 13 as of the close of such taxable year,
26 and

1 “(2) other than—

2 “(A) any nonresident alien individual,

3 “(B) any alien (as defined in section
4 101(a) of the Immigration and Nationality Act
5 (8 U.S.C. 1101(a)) who is unlawfully present in
6 the United States (within the meaning of that
7 Act), and

8 “(C) any individual with respect to whom
9 a deduction under section 151 is allowable to
10 another taxpayer for a taxable year beginning
11 in the calendar year in which the individual’s
12 taxable year begins.

13 “(d) IDENTIFICATION NUMBER REQUIREMENT.—

14 “(1) IN GENERAL.—No credit shall be allowed
15 under subsection (a) to an eligible individual who
16 does not include on the return of tax for the taxable
17 year—

18 “(A) such individual’s valid identification
19 number,

20 “(B) in the case of a joint return, the valid
21 identification number of such individual’s
22 spouse, and

23 “(C) in the case of a qualifying child de-
24 scribed in subsection (c)(1), the valid identifica-
25 tion number of such qualifying child.

1 “(2) VALID IDENTIFICATION NUMBER.—

2 “(A) IN GENERAL.—For purposes of para-
3 graph (1), the term ‘valid identification num-
4 ber’ means a social security number (as such
5 term is defined in section 24(h)(7)).

6 “(B) ADOPTION TAXPAYER IDENTIFICA-
7 TION NUMBER.—For purposes of paragraph
8 (1)(C), in the case of a qualifying child who is
9 adopted or placed for adoption, the term ‘valid
10 identification number’ shall include the adop-
11 tion taxpayer identification number of such
12 child.

13 “(3) SPECIAL RULE FOR MEMBERS OF THE
14 ARMED FORCES.—Paragraph (1)(B) shall not apply
15 in the case where at least 1 spouse was a member
16 of the Armed Forces of the United States at any
17 time during the taxable year and at least 1 spouse
18 satisfies paragraph (1)(A).

19 “(4) MATHEMATICAL OR CLERICAL ERROR AU-
20 THORITY.—Any omission of a correct valid identi-
21 fication number required under this subsection shall
22 be treated as a mathematical or clerical error for
23 purposes of applying section 6213(g)(2) to such
24 omission.

1 “(e) TAXABLE YEAR MUST BE FULL TAXABLE
 2 YEAR.—Except in the case of a taxable year closed by rea-
 3 son of the death of the taxpayer, no credit shall be allow-
 4 able under this section in the case of a taxable year cov-
 5 ering a period of less than 12 months.

6 “(f) RESTRICTIONS ON TAXPAYER WHO IMPROPERLY
 7 CLAIMED CREDIT IN PRIOR YEAR.—Rules similar to the
 8 rules under section 24(g) shall apply for purposes of this
 9 section.

10 “(g) ADJUSTMENT FOR INFLATION.—

11 “(1) IN GENERAL.—In the case of any taxable
 12 year beginning after 2022, each dollar amount in
 13 subsection (a) shall be increased by an amount equal
 14 to—

15 “(A) such dollar amount, multiplied by

16 “(B) the cost-of-living adjustment deter-
 17 mined under section 1(f)(3) for the calendar
 18 year in which the taxable year begins, deter-
 19 mined by substituting ‘2021’ for ‘2016’ in sub-
 20 paragraph (A)(ii) thereof.

21 “(2) ROUNDING.—If any increase under para-
 22 graph (1) is not a multiple of \$100, such increase
 23 shall be rounded to the next lowest multiple of
 24 \$100.”.

25 “(b) ADVANCE PAYMENT OF CREDIT.—

1 (1) IN GENERAL.—Chapter 77 of the Internal
2 Revenue Code of 1986, as amended by section
3 9611(b) of the American Rescue Plan Act of 2021
4 (Public Law 117-2), is amended by inserting after
5 section 7527A the following new section:

6 **“SEC. 7527B. ADVANCE PAYMENT OF PARENT TAX CREDIT.**

7 “(a) IN GENERAL.—As soon as practicable after the
8 date of the enactment of this section, the Secretary shall
9 establish a program for making advance payments of the
10 credit allowed under section 36C (determined without re-
11 gard to subsection (h) of such section), on a monthly basis,
12 to taxpayers (with the exception of any taxpayer who
13 elects not to receive such payments pursuant to subsection
14 (c)(1)).

15 “(b) LIMITATION.—With respect to any taxable year,
16 the Secretary may make payments under subsection (a)
17 only to the extent that—

18 “(1) the total amount of such payments made
19 to any taxpayer during such taxable year does not
20 exceed the amount estimated by the Secretary as
21 would be allowable under section 36C for such tax-
22 able year, as estimated based on—

23 “(A) any information provided by the tax-
24 payer under subsection (c)(2), or

1 “(B) if no information described in sub-
2 paragraph (A) has been provided, any informa-
3 tion with respect to such taxpayer for the most
4 recent taxable year for which a return has been
5 filed by the taxpayer, and

6 “(2) for each monthly payment, such payment
7 does not exceed an amount equal to the quotient
8 of—

9 “(A) the amount of the credit estimated
10 under paragraph (1) for such taxable year, di-
11 vided by

12 “(B) 12.

13 “(c) ON-LINE INFORMATION PORTAL.—The Sec-
14 retary shall establish an on-line portal which allows tax-
15 payers to—

16 “(1) elect not to receive payments under this
17 section, and

18 “(2) provide information to the Secretary which
19 would be relevant to the determination under sub-
20 section (b)(1), including information regarding—

21 “(A) for purposes of section 36C(c)(1),
22 whether the taxpayer has any qualifying chil-
23 dren, including by reason of the birth of a child,

24 “(B) a change in the taxpayer’s marital
25 status,

1 “(C) a significant change in the taxpayer’s
2 earned income, and

3 “(D) any other factor which the Secretary
4 may provide.

5 “(d) NOTICE OF PAYMENTS.—Not later than Janu-
6 ary 31 of the calendar year following any calendar year
7 during which the Secretary makes one or more payments
8 to any taxpayer under this section, the Secretary shall pro-
9 vide such taxpayer with a written notice which includes
10 the taxpayer’s taxpayer identity (as defined in section
11 6103(b)(6)), the aggregate amount of such payments
12 made to such taxpayer during such calendar year, and
13 such other information as the Secretary determines appro-
14 priate.

15 “(e) ADMINISTRATIVE PROVISIONS.—

16 “(1) APPLICATION OF ELECTRONIC FUNDS PAY-
17 MENT REQUIREMENT.—The payments made by the
18 Secretary under subsection (a) shall be made by
19 electronic funds transfer to the same extent and in
20 the same manner as if such payments were Federal
21 payments not made under this title.

22 “(2) APPLICATION OF CERTAIN RULES.—Rules
23 similar to the rules of subparagraphs (B) and (C) of
24 section 6428A(f)(3) shall apply for purposes of this
25 section.”.

1 (2) RECONCILIATION OF CREDIT AND ADVANCE
2 CREDIT.—Section 36C of such Code, as added by
3 subsection (a), is amended by adding at the end the
4 following:

5 “(h) RECONCILIATION OF CREDIT AND ADVANCE
6 CREDIT.—

7 “(1) IN GENERAL.—The amount of the credit
8 allowed under this section for any taxable year shall
9 be reduced (but not below zero) by the aggregate
10 amount of any advance payments of such credit
11 under section 7527B for such taxable year.

12 “(2) FAILURE TO SATISFY EARNED INCOME RE-
13 QUIREMENT.—In the case of any taxpayer who re-
14 ceived any advance payment under section 7527B
15 for the taxable year and whose earned income for
16 such taxable year was not equal to or greater than
17 the minimum income level (as determined under sub-
18 section (b)(2)), for the period of 2 taxable years sub-
19 sequent to such taxable year—

20 “(A) no advance payment may be provided
21 under section 7527B to such taxpayer in either
22 taxable year during such period, and

23 “(B) the amount of the credit which would
24 (but for this paragraph) otherwise be allowable
25 to such taxpayer under subsection (a) in either

1 taxable year during such period shall be re-
2 duced by one-half of such amount.”.

3 (c) EXCEPTION FROM REDUCTION OR OFFSET.—

4 Any credit allowed to any individual under section 36C
5 of the Internal Revenue Code of 1986 (as added by sub-
6 section (a)) or any advance payment of such credit under
7 section 7527B of such Code (as added under subsection
8 (b)) shall not be—

9 (1) subject to reduction or offset pursuant to
10 section 3716 or 3720A of title 31, United States
11 Code,

12 (2) subject to reduction or offset pursuant to
13 subsection (d), (e), or (f) of section 6402 of the In-
14 ternal Revenue Code of 1986, or

15 (3) reduced or offset by other assessed Federal
16 taxes that would otherwise be subject to levy or col-
17 lection.

18 (d) CONFORMING AMENDMENTS.—

19 (1) Section 6211(b)(4)(A) of the Internal Rev-
20 enue Code of 1986 is amended—

21 (A) by inserting “36C,” after “36B,” and

22 (B) by striking “and 7527A” and inserting
23 “7527A, and 7527B”.

24 (2) Section 6213(g)(2)(L) of such Code is
25 amended by inserting “36C,” after “32,”.

1 (3) Paragraph (2) of section 1324(b) of title
2 31, United States Code, is amended—

3 (A) by inserting “36C,” after “36B,” and

4 (B) by striking “or 7527A” and inserting
5 “7527A, or 7527B”.

6 (4) The table of sections for subpart C of part
7 IV of subchapter A of chapter 1 of the Internal Rev-
8 enue Code of 1986 is amended by inserting after the
9 item relating to section 36B the following new item:

“Sec. 36C. Parent Tax Credit.”.

10 (5) The table of sections for chapter 77 of such
11 Code is amended by inserting after the item relating
12 to section 7527A the following new item:

“Sec. 7527B. Advance payment of Parent Tax Credit.”.

13 (e) TERMINATION OF CHILD AND DEPENDENT CARE
14 CREDIT.—Section 21 of the Internal Revenue Code of
15 1986 is amended by adding at the end the following:

16 “(i) TERMINATION.—This section shall not apply to
17 any taxable year beginning after December 31, 2021.”.

18 (f) EFFECTIVE DATE.—The amendments made by
19 this section shall apply to taxable years beginning after
20 December 31, 2021.

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