

118TH CONGRESS  
1ST SESSION

# S. 1992

To amend the Internal Revenue Code of 1986 to expand the earned income and child tax credits, and for other purposes.

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## IN THE SENATE OF THE UNITED STATES

JUNE 14, 2023

Mr. BROWN (for himself, Mr. BENNET, Mr. BOOKER, Mr. WARNOCK, Mr. WYDEN, Mr. DURBIN, Ms. BALDWIN, Mr. BLUMENTHAL, Ms. CANTWELL, Mr. CARDIN, Mr. CASEY, Mr. COONS, Ms. CORTEZ MASTO, Ms. DUCKWORTH, Mrs. FEINSTEIN, Mr. FETTERMAN, Mrs. GILLIBRAND, Ms. HASSAN, Mr. HEINRICH, Ms. HIRONO, Mr. KAINE, Mr. KING, Ms. KLOBUCHAR, Mr. MARKEY, Mr. MERKLEY, Mr. MURPHY, Mrs. MURRAY, Mr. PETERS, Mr. REED, Ms. ROSEN, Mr. SANDERS, Mr. SCHATZ, Mr. SCHUMER, Mrs. SHAHEEN, Ms. SMITH, Ms. STABENOW, Mr. VAN HOLLEN, Mr. WARNER, Ms. WARREN, Mr. WELCH, and Mr. WHITEHOUSE) introduced the following bill; which was read twice and referred to the Committee on Finance

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## A BILL

To amend the Internal Revenue Code of 1986 to expand the earned income and child tax credits, and for other purposes.

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 “Working Families Tax  
5 Relief Act of 2023”.

1 **TITLE I—EXPANSION OF THE**  
 2 **EARNED INCOME CREDIT**

3 **SEC. 101. PERMANENT EXTENSION OF EARNED INCOME**  
 4 **CREDIT RULES FOR INDIVIDUALS WITHOUT**  
 5 **QUALIFYING CHILDREN.**

6 (a) DECREASE IN MINIMUM AGE FOR CREDIT.—

7 (1) IN GENERAL.—Subclause (II) of section  
 8 32(c)(1)(A)(ii) of the Internal Revenue Code of  
 9 1986 is amended by striking “age 25” and inserting  
 10 “the applicable minimum age”.

11 (2) APPLICABLE MINIMUM AGE.—Paragraph  
 12 (1) of section 32(c) of such Code is amended by add-  
 13 ing at the end the following new subparagraph:

14 “(F) APPLICABLE MINIMUM AGE.—For  
 15 purposes of this paragraph—

16 “(i) IN GENERAL.—The term ‘applica-  
 17 ble minimum age’ means—

18 “(I) except as otherwise provided  
 19 in this clause, age 19,

20 “(II) in the case of a specified  
 21 student (other than a qualified former  
 22 foster youth or a qualified homeless  
 23 youth), age 24, and

1                   “(III) in the case of a qualified  
2                   former foster youth or a qualified  
3                   homeless youth, age 18.

4                   “(ii) SPECIFIED STUDENT.—For pur-  
5                   poses of this subparagraph, the term ‘spec-  
6                   ified student’ means, with respect to any  
7                   taxable year, an individual who is an eligi-  
8                   ble student (as defined in section  
9                   25A(b)(3)) during at least 5 calendar  
10                  months during the taxable year.

11                  “(iii) QUALIFIED FORMER FOSTER  
12                  YOUTH.—For purposes of this subpara-  
13                  graph, the term ‘qualified former foster  
14                  youth’ means an individual who—

15                         “(I) on or after the date that  
16                         such individual attained age 14, was  
17                         in foster care provided under the su-  
18                         pervision or administration of an enti-  
19                         ty administering (or eligible to admin-  
20                         ister) a plan under part B or part E  
21                         of title IV of the Social Security Act  
22                         (without regard to whether Federal  
23                         assistance was provided with respect  
24                         to such child under such part E), and

1                   “(II) provides (in such manner  
2                   as the Secretary may provide) consent  
3                   for entities which administer a plan  
4                   under part B or part E of title IV of  
5                   the Social Security Act to disclose to  
6                   the Secretary information related to  
7                   the status of such individual as a  
8                   qualified former foster youth.

9                   “(iv)        QUALIFIED        HOMELESS  
10                  YOUTH.—For purposes of this subpara-  
11                  graph, the term ‘qualified homeless youth’  
12                  means, with respect to any taxable year,  
13                  an individual who certifies, in a manner as  
14                  provided by the Secretary, that such indi-  
15                  vidual is either an unaccompanied youth  
16                  who is a homeless child or youth, or is un-  
17                  accompanied, at risk of homelessness, and  
18                  self-supporting.”.

19                  (b) ELIMINATION OF MAXIMUM AGE FOR CREDIT.—  
20                  Subclause (II) of section 32(c)(1)(A)(ii) of the Internal  
21                  Revenue Code of 1986 is amended by striking “but not  
22                  attained age 65”.

23                  (c) INCREASE IN CREDIT AND PHASEOUT PERCENT-  
24                  AGES.—The table contained in paragraph (1) of section  
25                  32(b) of the Internal Revenue Code of 1986 is amended

1 by striking “7.65” each place it appears and inserting  
2 “15.3”.

3 (d) INCREASE IN EARNED INCOME AND PHASEOUT  
4 AMOUNTS.—The table contained in subparagraph (A) of  
5 section 32(b)(2) of the Internal Revenue Code of 1986 is  
6 amended—

7 (1) by striking “\$4,220” and inserting  
8 “\$9,820”, and

9 (2) by striking “\$5,280” and inserting  
10 “\$11,610”.

11 (e) INFLATION ADJUSTMENTS.—

12 (1) IN GENERAL.—Paragraph (1) of section  
13 32(j) of the Internal Revenue Code of 1986 is  
14 amended to read as follows:

15 “(1) IN GENERAL.—In the case of any taxable  
16 year beginning after—

17 “(A) 2021, in the case of the dollar  
18 amount in subsection (i)(1),

19 “(B) 2024, in the case of the dollar  
20 amounts in the third row of the table in sub-  
21 section (b)(2)(A), and

22 “(C) 2015, in any other case,  
23 each of the dollar amounts in subsections (b)(2) and  
24 (i)(1) shall be increased by an amount equal to the  
25 inflation amount.”.

1           (2) INFLATION AMOUNT.—Subsection (j) of sec-  
2           tion 32 of such Code is amended by adding at the  
3           end the following new paragraph:

4           “(3) INFLATION AMOUNT.—For purposes of  
5           paragraph (1), the inflation amount with respect to  
6           any dollar amount for any taxable year is the  
7           amount equal to—

8                   “(A) such dollar amount, multiplied by

9                   “(B) the percentage (if any) by which—

10                   “(i) the CPI (as defined in section  
11                   1(f)(4)) for the calendar year preceding  
12                   the year in which the taxable year begins,  
13                   exceeds

14                   “(ii) the CPI (as so defined) for—

15                           “(I) in the case of amounts in  
16                           the third row of the table in sub-  
17                           section (b)(2)(A), 2023,

18                           “(II) in the case of any other  
19                           amount in subsection (b)(2)(A), 1995,

20                           “(III) in the case of the \$5,000  
21                           amount in subsection (b)(2)(B), 2008,  
22                           and

23                           “(IV) in the case of the \$10,000  
24                           amount in subsection (i)(1), 2020.”.

1 (f) CONFORMING AMENDMENT.—Section 32 of the  
2 Internal Revenue Code of 1986 is amended by striking  
3 subsection (n).

4 (g) EFFECTIVE DATE.—The amendments made by  
5 this section shall apply to taxable years beginning after  
6 December 31, 2023.

7 **SEC. 102. APPLICATION OF EARNED INCOME CREDIT TO**  
8 **POSSESSIONS OF THE UNITED STATES.**

9 (a) PUERTO RICO.—Subparagraph (B) of section  
10 7530(a)(1) of the Internal Revenue Code of 1986 is  
11 amended by striking “in the case of calendar years 2021  
12 through 2025,”.

13 (b) POSSESSIONS WITH MIRROR CODE TAX SYS-  
14 TEMS.—Subparagraph (B) of section 7530(b)(1) of the  
15 Internal Revenue Code of 1986 is amended by striking “in  
16 the case of calendar years 2021 through 2025,”.

17 (c) AMERICAN SAMOA.—Subparagraph (B) of section  
18 7530(c)(1) of the Internal Revenue Code of 1986 is  
19 amended by striking “in the case of calendar years 2021  
20 through 2025,”.

21 **SEC. 103. ELECTION TO USE PRIOR YEAR EARNED INCOME.**

22 (a) IN GENERAL.—Paragraph (2) of section 32(c) of  
23 the Internal Revenue Code of 1986 is amended by adding  
24 at the end the following new subparagraph:

1           “(C) ELECTION TO USE PRIOR YEAR  
2 EARNED INCOME.—

3           “(i) IN GENERAL.—If the earned in-  
4 come of the taxpayer for any taxable year  
5 is less than the earned income of the tax-  
6 payer for the preceding taxable year, the  
7 credit allowed under subsection (a) may, at  
8 the election of the taxpayer, be determined  
9 by substituting—

10           “(I) such earned income for such  
11 preceding taxable year, for

12           “(II) such earned income for the  
13 taxable year for which such credit is  
14 being determined.

15           “(ii) APPLICATION TO JOINT RE-  
16 TURNS.—For purposes of clause (i), in the  
17 case of a joint return, the earned income  
18 of the taxpayer for the preceding taxable  
19 year shall be the sum of the earned income  
20 of each spouse for such taxable year.

21           “(iii) SPECIAL RULES.—

22           “(I) ERRORS TREATED AS MATH-  
23 EMATICAL ERRORS.—For purposes of  
24 section 6213, an incorrect use on a re-  
25 turn of earned income pursuant to



1 clause (i) shall be treated as a mathe-  
 2 matical or clerical error.

3 “(II) NO EFFECT ON DETER-  
 4 MINATION OF GROSS INCOME, ETC.—  
 5 Except as otherwise provided in this  
 6 subparagraph, this title shall be ap-  
 7 plied without regard to any substi-  
 8 tution under clause (i).”.

9 (b) EFFECTIVE DATE.—The amendment made by  
 10 subsection (a) shall apply to taxable years beginning after  
 11 December 31, 2023.

12 **TITLE II—EXPANSION OF THE**  
 13 **CHILD TAX CREDIT**

14 **SEC. 201. PERMANENT ESTABLISHMENT OF CHILD TAX**  
 15 **CREDIT WITH MONTHLY ADVANCE PAYMENT.**

16 (a) CREDIT AMOUNT.—Subsection (a) of section 24  
 17 of the Internal Revenue Code of 1986 is amended by strik-  
 18 ing “equal to \$1,000” and inserting “equal to—

19 “(1) \$250 (\$300 in the case of a qualifying  
 20 child who has not attained age 6 as of the close of  
 21 the taxable year), multiplied by

22 “(2) the number of qualifying months of the  
 23 taxpayer occurring during the taxable year.”.

1 (b) LIMITATION BASED ON ADJUSTED GROSS IN-  
 2 COME.—Subsection (b) of section 24 of the Internal Rev-  
 3 enue Code of 1986 is amended to read as follows:

4 “(b) LIMITATIONS BASED ON MODIFIED ADJUSTED  
 5 GROSS INCOME.—

6 “(1) INITIAL REDUCTION.—

7 “(A) IN GENERAL.—The amount of the  
 8 credit allowable under subsection (a) shall be  
 9 reduced (but not below zero) by 5 percent of  
 10 the excess (if any) of the taxpayer’s modified  
 11 adjusted gross income for the applicable taxable  
 12 year over the initial threshold amount in effect  
 13 for such applicable taxable year.

14 “(B) LIMITATION ON INITIAL REDUC-  
 15 TION.—The amount of the reduction under sub-  
 16 paragraph (A) shall not exceed the lesser of—

17 “(i) the excess (if any) of—

18 “(I) the credit allowable under  
 19 subsection (a) for the taxable year de-  
 20 termined without regard to this para-  
 21 graph, over

22 “(II) the amount which would be  
 23 described in subclause (I) if sub-  
 24 section (a)(1) were applied by sub-  
 25 stituting ‘\$166.67’ for ‘\$250 (\$300 in

1 the case of a qualifying child who has  
2 not attained age 6 as of the close of  
3 the taxable year)’ and subsection (i)  
4 did not apply, or

5 “(ii) 5 percent of the excess of the  
6 secondary threshold amount over the initial  
7 threshold amount.

8 “(2) SECONDARY REDUCTION.—The amount of  
9 the credit allowable under subsection (a), determined  
10 after the application of paragraph (1), shall be fur-  
11 ther reduced (but not below zero) by 5 percent of  
12 the excess (if any) of the taxpayer’s modified ad-  
13 justed gross income for the applicable taxable year  
14 over the secondary threshold amount.

15 “(3) THRESHOLD AMOUNTS.—For purposes of  
16 this subsection—

17 “(A) INITIAL THRESHOLD AMOUNT.—The  
18 term ‘initial threshold amount’ means—

19 “(i) \$150,000, in the case of a joint  
20 return or surviving spouse (as defined in  
21 section 2(a)),

22 “(ii)  $\frac{1}{2}$  the dollar amount in effect  
23 under clause (i), in the case of a married  
24 individual filing a separate return, and

25 “(iii) \$112,500, in any other case.

1           “(B) SECONDARY THRESHOLD AMOUNT.—

2           The term ‘secondary threshold amount’  
3           means—

4                   “(i) \$400,000, in the case of a joint  
5                   return or surviving spouse (as defined in  
6                   section 2(a)),

7                   “(ii) \$300,000, in the case of a head  
8                   of household (as defined in section 2(b)),  
9                   and

10                   “(iii) \$200,000, in any other case.

11           “(4) OTHER TERMS.—For purposes of this sub-  
12           section—

13                   “(A) APPLICABLE TAXABLE YEAR.—The  
14                   term ‘applicable taxable year’ means, with re-  
15                   spect to any taxable year for which the credit  
16                   under this section is determined—

17                           “(i) such taxable year, or

18                           “(ii) if the taxpayer elects the applica-  
19                           tion of this clause (at such time and in  
20                           such form and manner as the Secretary  
21                           may provide), the preceding taxable year  
22                           or the second preceding taxable year (as  
23                           specified in such election).

24                   “(B) MODIFIED ADJUSTED GROSS IN-  
25                   COME.—The term ‘modified adjusted gross in-

1           come’ means adjusted gross income increased  
2           by any amount excluded from gross income  
3           under section 911, 931, or 933.”.

4           (c) INFLATION ADJUSTMENTS.—Subsection (i) of  
5 section 24 of the Internal Revenue Code of 1986 is amend-  
6 ed to read as follows:

7           “(i) ADJUSTMENTS FOR INFLATION.—In the case of  
8 any taxable year beginning after December 31, 2024—

9           “(1) IN GENERAL.—The dollar amounts in sub-  
10 section (a) and clauses (i) and (iii) of subsection  
11 (b)(3)(A) shall each be increased by an amount  
12 equal to—

13                   “(A) such dollar amount, multiplied by

14                   “(B) the percentage (if any) by which—

15                           “(i) the CPI (as defined in section  
16                           1(f)(4)) for the calendar year preceding  
17                           the calendar year in which such month be-  
18                           gins, exceeds

19                           “(ii) the CPI (as so defined) for cal-  
20                           endar year 2023.

21           “(2) ROUNDING.—Any increase under the pre-  
22 ceding sentence—

23                   “(A) which is not a multiple of \$10, in the  
24                   case of the amount in subsection (a), shall be  
25                   rounded to the nearest multiple of \$10, and

1           “(B) which is not a multiple of \$5,000, in  
2           the case of the amounts in subsection (b)(3)(A),  
3           shall be rounded to the nearest multiple of  
4           \$5,000.”.

5           (d) QUALIFYING CHILD RULES.—

6           (1) IN GENERAL.—Subsection (c) of section 24  
7           of the Internal Revenue Code of 1986 is amended to  
8           read as follows:

9           “(c) QUALIFYING MONTH; QUALIFYING CHILD.—For  
10          purposes of this section—

11          “(1) QUALIFYING MONTH.—

12                 “(A) IN GENERAL.—The term ‘qualifying  
13                 month’ means any calendar month for which  
14                 there is a qualifying child with respect to the  
15                 taxpayer.

16                 “(B) RULES FOR BIRTH OR DEATH OF A  
17                 CHILD.—In the case of a child who is born or  
18                 dies during the taxable year, any calendar  
19                 month in such year which occurs before the  
20                 month of such birth or after the month of such  
21                 death shall be a qualifying month for the tax-  
22                 payer who is treated as establishing presump-  
23                 tive eligibility with respect to such child pursu-  
24                 ant to section 7527A(i)(2)(E).

1           “(2) QUALIFYING CHILD.—The term ‘qualifying  
2 child’ means, with respect to any taxpayer for any  
3 calendar month, an individual who—

4           “(A) has the same principal place of abode  
5 as the taxpayer for more than  $\frac{1}{2}$  of such  
6 month,

7           “(B) is younger than the taxpayer and will  
8 not, as of the close of the taxable year which in-  
9 cludes such month, have attained age 18,

10           “(C) receives care from the taxpayer dur-  
11 ing such month which is not compensated,

12           “(D) is not the spouse of the taxpayer at  
13 any time during such month, and

14           “(E) either—

15           “(i) is a citizen, national, or resident  
16 of the United States, or

17           “(ii) if the taxpayer is a citizen or na-  
18 tional of the United States, is described in  
19 section 152(f)(1)(B) with respect to such  
20 taxpayer.

21           “(3) CERTAIN INDIVIDUALS INELIGIBLE.—In  
22 the case of an individual who is a qualifying child  
23 with respect to another taxpayer for any calendar  
24 month, such individual shall be treated for such  
25 month as having no qualifying children.

1           “(4) CARE FROM THE TAXPAYER.—

2                   “(A) IN GENERAL.—Except as otherwise  
3 provided by the Secretary, whether any indi-  
4 vidual receives care from the taxpayer (within  
5 the meaning of paragraph (2)(C)) shall be de-  
6 termined on the basis of facts and cir-  
7 cumstances with respect to the following fac-  
8 tors:

9                           “(i) The supervision provided by the  
10 taxpayer regarding the daily activities and  
11 needs of the individual.

12                           “(ii) The maintenance by the taxpayer  
13 of a secure environment at which the indi-  
14 vidual resides.

15                           “(iii) The provision or arrangement by  
16 the taxpayer of, and transportation by the  
17 taxpayer to, medical care at regular inter-  
18 vals and as required for the individual.

19                           “(iv) The involvement by the taxpayer  
20 in, and financial and other support by the  
21 taxpayer for, educational or similar activi-  
22 ties of the individual.

23                           “(v) Any other factor that the Sec-  
24 retary determines to be appropriate to de-



1           termine whether the individual receives  
2           care from the taxpayer.

3           “(B) DETERMINATION OF WHETHER CARE  
4           IS COMPENSATED.—For purposes of deter-  
5           mining if care is compensated within the mean-  
6           ing of paragraph (2)(C), compensation from the  
7           Federal Government, a State or local govern-  
8           ment, a Tribal government, or any possession of  
9           the United States shall not be taken into ac-  
10          count.

11          “(5) APPLICATION OF TIE-BREAKER RULES.—

12           “(A) IN GENERAL.—Except as provided in  
13           subparagraph (D), if any individual would (but  
14           for this paragraph) be a qualifying child of 2 or  
15           more taxpayers for any month, such individual  
16           shall be treated as the qualifying child only of  
17           the taxpayer who is—

18                   “(i) the parent of the individual (or, if  
19                   such individual would (but for this para-  
20                   graph) be a qualifying child of 2 or more  
21                   parents of the individual for such month,  
22                   the parent of the individual determined  
23                   under subparagraph (B)),

24                   “(ii) if the individual is not a quali-  
25                   fying child of any parent of the individual

1 (determined without regard to this para-  
2 graph), the specified relative of the indi-  
3 vidual with the highest adjusted gross in-  
4 come for the taxable year which includes  
5 such month, or

6 “(iii) if the individual is neither a  
7 qualifying child of any parent of the indi-  
8 vidual nor a qualifying child of any speci-  
9 fied relative of the individual (in both cases  
10 determined without regard to this para-  
11 graph), the taxpayer with the highest ad-  
12 justed gross income for the taxable year  
13 which includes such month.

14 “(B) TIE-BREAKER AMONG PARENTS.—If  
15 any individual would (but for this paragraph)  
16 be the qualifying child of 2 or more parents of  
17 the individual for any month, such child shall  
18 be treated only as the qualifying child of—

19 “(i) the parent with whom the child  
20 resided for the longest period of time dur-  
21 ing such month, or

22 “(ii) if the child resides with both par-  
23 ents for the same amount of time during  
24 such month, the parent with the highest

1 adjusted gross income for the taxable year  
2 which includes such month.

3 “(C) SPECIFIED RELATIVE.—For purposes  
4 of this paragraph, the term ‘specified relative’  
5 means an individual who is—

6 “(i) an ancestor of a parent of the  
7 qualifying child,

8 “(ii) a brother or sister of a parent of  
9 the qualifying child, or

10 “(iii) a brother, sister, stepbrother, or  
11 stepsister of the qualifying child.

12 “(D) CERTAIN PARENTS OR SPECIFIED  
13 RELATIVES NOT TAKEN INTO ACCOUNT.—This  
14 paragraph shall be applied without regard to  
15 any parent or specified relative of an individual  
16 for any month if—

17 “(i) such parent or specified relative  
18 elects to have such individual not be treat-  
19 ed as a qualifying child of such parent or  
20 specified relative for such month,

21 “(ii) in the case of a parent of such  
22 individual, the adjusted gross income of  
23 the taxpayer (with respect to whom such  
24 individual would be treated as a qualifying  
25 child after application of this subpara-

1 graph) for the taxable year which includes  
2 such month is higher than the highest ad-  
3 justed gross income of any parent of the  
4 individual for the taxable year which in-  
5 cludes such month (determined without re-  
6 gard to any parent with respect to whom  
7 such individual is not a qualifying child,  
8 determined without regard to subpara-  
9 graphs (A) and (B) and after application  
10 of this subparagraph), and

11 “(iii) in the case of a specified relative  
12 of such individual, the adjusted gross in-  
13 come of the taxpayer (with respect to  
14 whom such individual would be treated as  
15 a qualifying child after application of this  
16 subparagraph) for the taxable year which  
17 includes such month is higher than the  
18 highest adjusted gross income of any par-  
19 ent and any specified relative of the indi-  
20 vidual for the taxable year which includes  
21 such month (determined without regard to  
22 any parent and any specified relative with  
23 respect to whom such individual is not a  
24 qualifying child, determined without regard

1 to subparagraphs (A) and (B) and after  
2 application of this subparagraph).

3 “(E) TREATMENT OF JOINT RETURNS.—

4 For purposes of this paragraph, the adjusted  
5 gross income of each person who files a joint re-  
6 turn for the taxable year is the total adjusted  
7 gross income shown on the joint return for the  
8 taxable year.

9 “(F) PARENT.—Except as otherwise pro-  
10 vided by the Secretary, the term ‘parent’ shall  
11 have the same meaning as when used in section  
12 152(c)(4).

13 “(6) TREATMENT OF TEMPORARY ABSENCES.—

14 Except as provided in regulations or other guidance  
15 issued by the Secretary, for purposes of this sub-  
16 section—

17 “(A) IN GENERAL.—In the case of any in-  
18 dividual’s temporary absence from such individ-  
19 ual’s principal place of abode, each day com-  
20 posing the temporary absence shall—

21 “(i) be treated as a day at such indi-  
22 vidual’s principal place of abode,

23 “(ii) be treated as satisfying the care  
24 requirement described in paragraph (2)(C)  
25 for each day described in clause (i), and

1           “(iii) not be treated as a day at any  
2           other location.

3           “(B) TEMPORARY ABSENCE.—For pur-  
4           poses of subparagraph (A), an absence shall be  
5           treated as temporary if—

6                   “(i) the individual would have resided  
7                   at the place of abode but for the absence,  
8                   and

9                           “(ii) under the facts and cir-  
10                           cumstances, it is reasonable to assume that  
11                           the individual will return to reside at the  
12                           place of abode.

13           “(7) SPECIAL RULE FOR DIVORCED PARENTS,  
14           ETC.—Rules similar to the rules section 152(e) shall  
15           apply for purposes of this subsection.

16           “(8) ELIGIBILITY DETERMINED ON BASIS OF  
17           PRESUMPTIVE ELIGIBILITY.—

18                   “(A) IN GENERAL.—If a period of pre-  
19                   sumptive eligibility is established under section  
20                   7527A(i) for any individual with respect to any  
21                   taxpayer—

22                           “(i) such individual shall be treated as  
23                           the qualifying child of such taxpayer for  
24                           any month in such period of presumptive  
25                           eligibility, and

1           “(ii) such individual shall not be  
2           treated as the qualifying child of any other  
3           taxpayer with respect to whom a period of  
4           presumptive eligibility has not been estab-  
5           lished for any such month.

6           “(B) ABILITY OF CREDIT CLAIMANTS TO  
7           ESTABLISH PRESUMPTIVE ELIGIBILITY.—Noth-  
8           ing in section 7527A(i) shall be interpreted to  
9           preclude a taxpayer from establishing a period  
10          of presumptive eligibility (including any such  
11          period described in section 7527A(i)(2)(D))  
12          with respect to any qualifying child for pur-  
13          poses of this section solely because such tax-  
14          payer affirmatively elects not to receive monthly  
15          payments under section 7527A.”.

16          (2) CONFORMING AMENDMENTS.—

17                 (A) Subsection (a) of section 24 of such  
18                 Code, as amended by this section, is further  
19                 amended by striking “for which the taxpayer is  
20                 allowed a deduction under section 151”.

21                 (B) The second sentence of paragraph (26)  
22                 of section 501(c) of such Code is amended—

23                         (i) by striking “any qualifying child  
24                         (as defined in section 24(c))” and inserting  
25                         “any child”, and

1                   (ii) by inserting before the period the  
2                   following: “, but only in the case of a child  
3                   who is a qualifying child (as defined in sec-  
4                   tion 152(c)) of the individual who has not  
5                   attained age 17 and who would be a de-  
6                   pendent if subparagraph (A) of section  
7                   152(b)(3) were applied without regard to  
8                   all that follows ‘resident of the United  
9                   States’ ”.

10           (e) FULLY REFUNDABLE CREDIT.—Subsection (d) of  
11 section 24 of the Internal Revenue Code of 1986 is amend-  
12 ed to read as follows:

13           “(d) CREDIT REFUNDABLE.—If the taxpayer (in the  
14 case of a joint return, either spouse) has a principal place  
15 of abode (determined as provided in section 32) in the  
16 United States or Puerto Rico for more than  $\frac{1}{2}$  of the tax-  
17 able year, the credit otherwise allowed under subsection  
18 (a) shall be allowed under subpart C (and not allowed  
19 under this subpart).”.

20           (f) RESTRICTIONS ON TAXPAYERS WHO IMPROPERLY  
21 CLAIMED CREDIT OR IMPROPERLY RECEIVED ADVANCE  
22 PAYMENT.—

23           (1) IN GENERAL.—Subparagraph (A) of section  
24           24(g)(1) of the Internal Revenue Code of 1986 is  
25           amended by striking “this section” and inserting



1 “this section (and no payment shall be made under  
2 section 7527A)”.

3 (2) CONFORMING AMENDMENTS.—

4 (A) Subparagraph (B) of section 24(g)(1)  
5 of such Code is amended—

6 (i) by striking “this section” both  
7 places it appears and inserting “this sec-  
8 tion (or payment received under section  
9 7527A)”,

10 (ii) by striking “and” at the end of  
11 clause (i),

12 (iii) by striking the period at the end  
13 of clause (ii) and inserting “, and”, and

14 (iv) by adding at the end the following  
15 new clause:

16 “(iii) in addition to any period deter-  
17 mined under clause (i) or (ii) (as the case  
18 may be), the period beginning on the date  
19 of the final determination described in  
20 such clause and ending with the beginning  
21 of the period described in such clause.”.

22 (B) Paragraph (2) of section 24(g) of such  
23 Code is amended by striking “no credit shall be  
24 allowed under this section” and inserting “no  
25 credit shall be allowed under this section (and

1 no payment shall be made under section  
2 7527A)”.  
3

4 (C) Subsection (g) of section 24 of such  
5 Code is amended by adding at the end the fol-  
6 lowing new paragraph:

7 “(3) COORDINATION WITH POSSESSIONS OF  
8 THE UNITED STATES.—For purposes of this sub-  
9 section, a taxpayer’s claim of credit under this sec-  
10 tion (or payment received under section 7527A) in-  
11 cludes a claim of credit under this section of the in-  
12 come tax law of any jurisdiction other than the  
13 United States (or similar payment received under  
14 section 7527A of such income tax law), and a claim  
15 made or a payment received from American Samoa  
16 pursuant to a plan described in subsection  
17 (k)(3)(B).”.

18 (g) MONTHLY ADVANCE PAYMENT OF CREDIT.—

19 (1) RECAPTURE OF EXCESS ADVANCE PAY-  
20 MENTS IN CERTAIN CIRCUMSTANCES.—Subsection  
21 (j) of section 24 of the Internal Revenue Code of  
22 1986 is amended—

23 (A) by striking subparagraph (B) of para-  
24 graph (2),

25 (B) by striking “EXCESS ADVANCE PAY-  
MENTS.—” and all that follows through “If”

1 and inserting “EXCESS ADVANCE PAYMENTS.—  
2 In the case of a taxpayer described in para-  
3 graph (3) for any taxable year, if”, and

4 (C) by adding at the end the following new  
5 paragraphs:

6 “(3) TAXPAYERS SUBJECT TO RECAPTURE.—

7 “(A) FRAUD OR RECKLESS OR INTEN-  
8 TIONAL DISREGARD OF RULES AND REGULA-  
9 TIONS.—A taxpayer is described in this para-  
10 graph with respect to any taxable year if the  
11 Secretary determines that the excess described  
12 in paragraph (2) with respect to the taxpayer  
13 for such taxable year was determined on the  
14 basis of fraud or a reckless or intentional dis-  
15 regard of rules and regulations.

16 “(B) UNDERSTATEMENT OF INCOME;  
17 CHANGES IN FILING STATUS.—If the excess de-  
18 scribed in paragraph (2) with respect to the  
19 taxpayer for the taxable year was determined  
20 on the basis of an amount of the taxpayer’s  
21 modified adjusted gross income which was less  
22 than the taxpayer’s modified adjusted gross in-  
23 come for the applicable taxable year (as defined  
24 in subsection (b))—

1           “(i) such taxpayer shall be treated as  
2 described in this paragraph, and

3           “(ii) the increase determined under  
4 paragraph (2) by reason of this subpara-  
5 graph shall not exceed the excess of—

6                   “(I) the aggregate amount of  
7 payments under section 7527A to the  
8 taxpayer during the taxable year, over

9                   “(II) the aggregate amount of  
10 payments which would have been so  
11 made if such payments had been de-  
12 termined on the basis of the tax-  
13 payer’s modified adjusted gross in-  
14 come for the applicable taxable year  
15 (as defined in subsection (b)).

16           A rule similar to the rule of the preceding  
17 sentence shall apply if the excess described  
18 in paragraph (2) with respect to the tax-  
19 payer for the taxable year was determined  
20 on the basis of a filing status of the tax-  
21 payer which differs from the taxpayer’s fil-  
22 ing status for the applicable taxable year  
23 (as so defined).

24           “(C) PAYMENTS MADE OUTSIDE OF PE-  
25 RIOD OF PRESUMPTIVE ELIGIBILITY.—If any

1 payment described in paragraph (2) with re-  
2 spect to the taxpayer for the taxable year was  
3 made with respect to a child for a month which  
4 was not part of a period of presumptive eligi-  
5 bility established under section 7527A(i) for  
6 such child with respect to such taxpayer—

7 “(i) such taxpayer shall be treated as  
8 described in this paragraph, and

9 “(ii) the increase determined under  
10 paragraph (2) by reason of this subpara-  
11 graph shall not exceed the portion of such  
12 payment so made.

13 “(D) CERTAIN PAYMENTS MADE AFTER  
14 NOTICE FROM SECRETARY.—If the Secretary  
15 notifies a taxpayer under section 7527A(d) that  
16 such taxpayer is subject to recapture with re-  
17 spect to any payments—

18 “(i) such taxpayer shall be treated as  
19 described in this paragraph, and

20 “(ii) the increase determined under  
21 paragraph (2) by reason of this subpara-  
22 graph shall not exceed the aggregate  
23 amount of such payments.

24 “(E) TAXPAYERS MOVING TO ANOTHER  
25 JURISDICTION.—To minimize the amount of ad-

1 vance payments made under section 7527A to  
2 ineligible individuals, the Secretary shall issue  
3 regulations or other guidance for purposes of  
4 this paragraph which apply with respect to tax-  
5 payers who are described in subsection (d) with  
6 respect to the reference month but are not so  
7 described with respect to 1 or more months  
8 during the taxable year for which advance pay-  
9 ments under section 7527A are made.

10 “(F) OTHER CIRCUMSTANCES TO PREVENT  
11 ABUSE.—A taxpayer is described in this para-  
12 graph with respect to any taxable year pursuant  
13 to regulations or other guidance of the Sec-  
14 retary describing other recapture circumstances  
15 to facilitate the administration and enforcement  
16 by the Secretary of section 7527A to minimize  
17 the amount of advance payments made under  
18 section 7527A to ineligible individuals and to  
19 prevent abuse.

20 “(4) JOINT RETURNS.—Except as otherwise  
21 provided by the Secretary, in the case of an advance  
22 payment made under section 7527A with respect to  
23 a joint return, half of such payment shall be treated  
24 as having been made to each individual filing such  
25 return.

1           “(5) COORDINATION WITH POSSESSIONS OF  
2 THE UNITED STATES.—For purposes of this sub-  
3 section, payments made under section 7527A include  
4 payments made by any jurisdiction other than the  
5 United States under section 7527A of the income  
6 tax law of such jurisdiction, and advance payments  
7 made by American Samoa pursuant to a plan de-  
8 scribed in subsection (k)(3)(B). Any increase in tax  
9 imposed on a taxpayer by reason of paragraph (2)  
10 of the income tax law of a jurisdiction other than  
11 the United States shall be considered to reduce the  
12 aggregate amount of payments made to such tax-  
13 payer by such jurisdiction. In carrying out this sec-  
14 tion, the Secretary shall coordinate with each posses-  
15 sion of the United States to prevent any application  
16 of this paragraph that is inconsistent with the pur-  
17 poses of this subsection.”.

18 (h) APPLICATION OF CREDIT IN POSSESSIONS.—

19           (1) PUERTO RICO.—Paragraph (2) of sub-  
20 section (k) of section 24 of the Internal Revenue  
21 Code of 1986 is amended to read as follows:

22           “(2) CROSS REFERENCES RELATED TO APPLI-  
23 CATION OF CREDIT TO RESIDENTS OF PUERTO  
24 RICO.—

1           “(A) For application of refundable credit  
2 to residents of Puerto Rico, see subsection (d).

3           “(B) For application of advance payment  
4 to residents of Puerto Rico, see section  
5 7527A(b)(1)(A).”.

6           (2) AMERICAN SAMOA.—Paragraph (3) of sub-  
7 section (k) of section 24 of the Internal Revenue  
8 Code of 1986 is amended—

9           (A) by striking “subsection (i)(1)” in sub-  
10 paragraph (A) and inserting “subsection (d)”,

11           (B) by striking subclause (II) of subpara-  
12 graph (C)(ii), and

13           (C) by striking “under subparagraph  
14 (B)—” and all that follows through “subsection  
15 (i)(1)” in subparagraph (C)(ii) and inserting  
16 “under subparagraph (B), subsection (d)”.

17           (i) CONFORMING AMENDMENTS.—Subsection (h) of  
18 section 24 of the Internal Revenue Code of 1986 is amend-  
19 ed—

20           (1) by striking paragraphs (2), (3), (5), and (6)  
21 and redesignating paragraphs (4) and (7) as para-  
22 graphs (2) and (3), respectively,

23           (2) by striking “paragraphs (2) through (7)” in  
24 paragraph (1) and inserting “paragraphs (2) and  
25 (3)”,



1           (3) by striking “(after the application of para-  
2           graph (2))” in subparagraph (A) of paragraph (2),  
3           as so redesignated, and

4           (4) by striking “paragraph (7)” in subpara-  
5           graph (C) of paragraph (2), as so redesignated, and  
6           inserting “paragraph (3)”.

7           (j) REGULATIONS.—Section 24 of the Internal Rev-  
8           enue Code of 1986 is amended by adding at the end the  
9           following new subsection:

10          “(1) REGULATIONS.—The Secretary shall issue such  
11          regulations or other guidance as the Secretary determines  
12          necessary or appropriate to carry out the purposes of this  
13          section, including regulations or other guidance—

14                 “(1) for determining whether an individual re-  
15                 ceives care from a taxpayer for purposes of sub-  
16                 section (c)(1), and

17                 “(2) to coordinate or modify the application of  
18                 this section and section 7527A in the case of any  
19                 taxpayer—

20                         “(A) whose filing status for a taxable year  
21                         is different from the status used for deter-  
22                         mining one or more monthly payments under  
23                         section 7527A during such taxable year, or

24                         “(B) whose principal place of abode for  
25                         any year is different from the principal place of

1           abode used for determining the monthly pay-  
2           ment under section 7527A for such year.”.

3           (k) MONTHLY ADVANCE PAYMENT OF CREDIT.—

4           (1) IN GENERAL.—Subsection (a) of section  
5           7527A of the Internal Revenue Code of 1986 is  
6           amended by striking “for making periodic pay-  
7           ments” and all that follows and inserting “for mak-  
8           ing monthly payments to taxpayers equal to the  
9           monthly advance amount determined with respect to  
10          each such taxpayer for months occurring during the  
11          taxable year.”.

12          (2) MONTHLY ADVANCE AMOUNT.—So much of  
13          subsection (b) of section 7527A of such Code as pre-  
14          cedes paragraph (4) thereof is amended to read as  
15          follows:

16          “(b) MONTHLY ADVANCE AMOUNT.—For purposes  
17          of this section—

18               “(1) IN GENERAL.—Except as otherwise pro-  
19               vided in this subsection, the term ‘monthly advance  
20               amount’ means, with respect to any taxpayer for any  
21               calendar month, the amount (if any) which is esti-  
22               mated by the Secretary as being equal to the portion  
23               of the amount which would be treated as allowed  
24               under subpart C of part IV of subchapter A of chap-

1 ter 1 for the taxable year under section 24(d) by  
2 reason of such month being a qualifying month if—

3 “(A) the status of the taxpayer as a tax-  
4 payer described in section 24(d) is determined  
5 with respect to the reference taxable year,

6 “(B) the taxpayer’s modified adjusted  
7 gross income for the taxable year is equal to the  
8 taxpayer’s modified adjusted gross income for  
9 the reference taxable year,

10 “(C) unless otherwise determined by the  
11 Secretary based on any information known to  
12 the Secretary, the only qualifying children of  
13 such taxpayer for such month are the qualifying  
14 children of such taxpayer for the reference  
15 month, and

16 “(D) unless otherwise determined by the  
17 Secretary based on any information known to  
18 the Secretary, the ages of such children (and  
19 the status of such children as qualifying chil-  
20 dren) are determined for such month by taking  
21 into account the passage of time since such ref-  
22 erence month.

23 “(2) REFERENCE TAXABLE YEAR; REFERENCE  
24 MONTH.—

1           “(A) REFERENCE TAXABLE YEAR.—Ex-  
2           cept as provided in paragraph (3)(A), the term  
3           ‘reference taxable year’ means, with respect to  
4           any taxpayer for any calendar month, the tax-  
5           payer’s taxable year beginning in the preceding  
6           calendar year or, in the case of a taxpayer who  
7           did not file a return of tax for such taxable  
8           year, the taxpayer’s taxable year beginning in  
9           the second preceding calendar year.

10           “(B) REFERENCE MONTH.—The term ‘ref-  
11           erence month’ means, with respect to any tax-  
12           payer for any calendar month, the most recent  
13           of—

14                   “(i) the last month of the reference  
15                   taxable year, or

16                   “(ii) the most recent calendar month,  
17                   in the case of a taxpayer who provides,  
18                   through a specified alternative mechanism,  
19                   information which is sufficient to estimate  
20                   the taxpayer’s monthly advance amount for  
21                   such month.

22           “(C) AVAILABILITY OF INFORMATION.—  
23           Any month or year referred to in subparagraph  
24           (A) or (B) shall not be taken into account in  
25           determining the reference month or reference

1 taxable year with respect to any calendar month  
2 unless all relevant information with respect to  
3 such month or year is available to the Secretary  
4 and the Secretary has adequate time to make  
5 estimates under this section on the basis of  
6 such information before the beginning of such  
7 calendar month.

8 “(D) TREATMENT OF INSUFFICIENT IN-  
9 FORMATION.—Except as otherwise provided by  
10 the Secretary—

11 “(i) if a taxpayer is not described in  
12 subparagraph (B)(ii) with respect to any  
13 calendar month and did not file a return of  
14 tax for either of the 2 taxable years de-  
15 scribed in subparagraph (A) with respect  
16 to such month, the monthly advance  
17 amount with respect to such taxpayer for  
18 such calendar month shall be treated as  
19 zero unless the Secretary determines that  
20 the Secretary can make the estimate de-  
21 scribed in paragraph (1) on the basis of in-  
22 formation known to the Secretary which  
23 the Secretary determines is reasonably reli-  
24 able, and

1           “(ii) if the taxpayer is not described  
2           in subparagraph (B)(ii) and the informa-  
3           tion on the return of tax filed for either of  
4           the 2 taxable years described in subpara-  
5           graph (A) does not establish the status of  
6           the taxpayer (in the case of a joint return,  
7           either spouse) as having a principal place  
8           of abode (determined as provided in section  
9           32) in the United States or Puerto Rico  
10          for more than  $\frac{1}{2}$  of the reference month,  
11          the Secretary shall determine such status  
12          based on information known to the Sec-  
13          retary.

14          “(E) SPECIFIED ALTERNATIVE MECHA-  
15          NISM.—The term ‘specified alternative mecha-  
16          nism’ means the on-line portal established  
17          under subsection (c) and any other mechanism  
18          or method established by the Secretary to allow  
19          taxpayers to provide the information described  
20          in subsection (c)(1) (including in connection  
21          with the filing of any return of tax).

22          “(3) MODIFICATIONS DURING CALENDAR  
23          YEAR.—

24                 “(A) IN GENERAL.—The Secretary may  
25                 modify, during any taxable year, the monthly

1 advance amount with respect to any taxpayer  
2 for any month occurring during such year to  
3 take into account—

4 “(i) a return of tax filed by such tax-  
5 payer during such taxable year (and the  
6 taxable year to which such return relates  
7 may be taken into account as the reference  
8 taxable year), and

9 “(ii) any other information provided  
10 by the taxpayer to the Secretary which al-  
11 lows the Secretary to determine payments  
12 under subsection (a) which, in the aggre-  
13 gate during any taxable year of the tax-  
14 payer, more closely total the Secretary’s  
15 estimate of the amount treated as allowed  
16 under subpart C of part IV of subchapter  
17 A of chapter 1 by reason of section 24(d)  
18 for such taxable year of such taxpayer.

19 “(B) ADJUSTMENT TO REFLECT EXCESS  
20 OR DEFICIT IN PRIOR PAYMENTS.—In the case  
21 of any modification of the monthly advance  
22 amount under subparagraph (A), the Secretary  
23 may adjust the amount of any monthly pay-  
24 ment made after the date of such modification  
25 to properly take into account the amount by

1           which any monthly payment made before such  
2           date was greater than or less than the amount  
3           that such payment would have been on the  
4           basis of the monthly advance amount as so  
5           modified.”.

6           (3) ON-LINE INFORMATION PORTAL.—Sub-  
7           section (c) of section 7527A of such Code is amend-  
8           ed to read as follows:

9           “(c) ON-LINE INFORMATION PORTAL.—

10           “(1) IN GENERAL.—The Secretary shall estab-  
11           lish an on-line portal which allows taxpayers to—

12           “(A) subject to such restrictions as the  
13           Secretary may provide, elect to begin or cease  
14           receiving payments under this section, and

15           “(B) provide information to the Secretary  
16           which is relevant in determining the monthly  
17           advance amount (or any modification under  
18           subsection (b)(3)(B) of such monthly advance  
19           amount) and the taxpayer’s eligibility for pay-  
20           ments under this section, including information  
21           regarding—

22           “(i) the number of the taxpayer’s  
23           qualifying children, including a child born  
24           during the taxable year,

25           “(ii) the taxpayer’s marital status,



1 “(iii) the taxpayer’s modified adjusted  
2 gross income,

3 “(iv) the taxpayer’s principal place of  
4 abode, and

5 “(v) any other factor which the Sec-  
6 retary may provide.

7 “(2) AVAILABILITY IN MULTIPLE LAN-  
8 GUAGES.—The Secretary shall ensure that the on-  
9 line portal described in paragraph (1) is available in  
10 multiple languages.”.

11 (4) APPLICATION OF ADVANCE PAYMENTS IN  
12 POSSESSIONS.—

13 (A) PUERTO RICO.—Subparagraph (A) of  
14 section 7527A(e)(4) of such Code is amended to  
15 read as follows:

16 “(A) PUERTO RICO.—

17 “(i) For application of child tax credit  
18 to residents of Puerto Rico, see section  
19 24(d).

20 “(ii) For application of monthly ad-  
21 vance payments to residents of Puerto  
22 Rico, see subsection (b)(1)(A).”.

23 (B) CONFORMING AMENDMENTS.—Sub-  
24 paragraph (C) of section 7527A(e)(4) of such  
25 Code is amended by striking “with respect to

1 taxable years beginning in 2021” both places it  
2 appears in clauses (i) and (ii) and inserting  
3 “with respect to any taxable year”.

4 (5) ADMINISTRATIVE PROVISIONS.—

5 (A) IN GENERAL.—Subsection (e) of sec-  
6 tion 7527A of such Code is amended by adding  
7 at the end the following new paragraph:

8 “(5) ASSIGNMENT OF BENEFITS.—

9 “(A) IN GENERAL.—The right of any per-  
10 son to any applicable payment shall not be  
11 transferable or assignable, at law or in equity,  
12 and no applicable payment shall be subject to,  
13 execution, levy, attachment, garnishment, or  
14 other legal process, or the operation of any  
15 bankruptcy or insolvency law.

16 “(B) ENCODING OF PAYMENTS.—In the  
17 case of an applicable payment described in sub-  
18 paragraph (E)(iii)(I) that is paid electronically  
19 by direct deposit through the Automated Clear-  
20 ing House (ACH) network, the Secretary of the  
21 Treasury (or the Secretary’s delegate) shall—

22 “(i) issue the payment using a unique  
23 identifier that is reasonably sufficient to  
24 allow a financial institution to identify the  
25 payment as an applicable payment, and

1           “(ii) further encode the payment pur-  
2           suant to the same specifications as re-  
3           quired for a benefit payment defined in  
4           section 212.3 of title 31, Code of Federal  
5           Regulations.

6           “(C) GARNISHMENT.—

7           “(i) ENCODED PAYMENTS.—In the  
8           case of a garnishment order that applies to  
9           an account that has received an applicable  
10          payment that is encoded as provided in  
11          subparagraph (B), a financial institution  
12          shall follow the requirements and proce-  
13          dures set forth in part 212 of title 31,  
14          Code of Federal Regulations, except—

15               “(I) notwithstanding section  
16               212.4 of title 31, Code of Federal  
17               Regulations (and except as provided  
18               in subclause (II)), a financial institu-  
19               tion shall not fail to follow the proce-  
20               dures of sections 212.5 and 212.6 of  
21               such title with respect to a garnish-  
22               ment order merely because such order  
23               has attached, or includes, a notice of  
24               right to garnish federal benefits issued

1 by a State child support enforcement  
2 agency, and

3 “(II) a financial institution shall  
4 not, with regard to any applicable  
5 payment, be required to provide the  
6 notice referenced in sections 212.6  
7 and 212.7 of title 31, Code of Federal  
8 Regulations.

9 “(ii) OTHER PAYMENTS.—In the case  
10 of a garnishment order (other than an  
11 order that has been served by the United  
12 States) that has been received by a finan-  
13 cial institution and that applies to an ac-  
14 count into which an applicable payment  
15 that has not been encoded as provided in  
16 subparagraph (B) has been deposited elec-  
17 tronically on any date during the lookback  
18 period or into which an applicable payment  
19 that has been deposited by check on any  
20 date in the lookback period, the financial  
21 institution, upon the request of the account  
22 holder, shall treat the amount of the funds  
23 in the account at the time of the request,  
24 up to the amount of the applicable pay-  
25 ment (in addition to any amounts other-

1 wise protected under part 212 of title 31,  
2 Code of Federal Regulations), as exempt  
3 from a garnishment order without requir-  
4 ing the consent of the party serving the  
5 garnishment order or the judgment cred-  
6 itor.

7 “(iii) LIABILITY.—A financial institu-  
8 tion that acts in good faith in reliance on  
9 clauses (i) or (ii) shall not be subject to li-  
10 ability or regulatory action under any Fed-  
11 eral or State law, regulation, court or other  
12 order, or regulatory interpretation for ac-  
13 tions concerning any applicable payments.

14 “(D) NO RECLAMATION RIGHTS.—This  
15 paragraph shall not alter the status of applica-  
16 ble payments as tax refunds or other nonbenefit  
17 payments for purpose of any reclamation rights  
18 of the Department of the Treasury or the Inter-  
19 nal Revenue Service as per part 210 of title 31,  
20 Code of Federal Regulations.

21 “(E) DEFINITIONS.—For purposes of this  
22 paragraph—

23 “(i) ACCOUNT HOLDER.—The term  
24 ‘account holder’ means a natural person  
25 whose name appears in a financial institu-

1           tion’s records as the direct or beneficial  
2           owner of an account.

3           “(ii) ACCOUNT REVIEW.—The term  
4           ‘account review’ means the process of ex-  
5           amining deposits in an account to deter-  
6           mine if an applicable payment has been de-  
7           posited into the account during the  
8           lookback period. The financial institution  
9           shall perform the account review following  
10          the procedures outlined in section 212.5 of  
11          title 31, Code of Federal Regulations and  
12          in accordance with the requirements of sec-  
13          tion 212.6 of title 31, Code of Federal  
14          Regulations.

15          “(iii) APPLICABLE PAYMENT.—The  
16          term ‘applicable payment’ means—

17                  “(I) any payment made to an in-  
18                  dividual under this section (other than  
19                  any payment made pursuant to para-  
20                  graph (4)),

21                  “(II) any advance payment made  
22                  by a possession of the United States  
23                  with a mirror code tax system (as de-  
24                  fined in section 24(k)) pursuant to an  
25                  election under paragraph (6)(B)

1           which corresponds to a payment de-  
2           scribed in subclause (I), and

3                   “(III) any advance payment  
4           made by American Samoa pursuant to  
5           a program for making such payments  
6           which is described in paragraph  
7           (6)(C)(ii).

8                   “(iv) GARNISHMENT.—The term ‘gar-  
9           nishment’ means execution, levy, attach-  
10          ment, garnishment, or other legal process.

11                   “(v) GARNISHMENT ORDER.—The  
12          term ‘garnishment order’ means a writ,  
13          order, notice, summons, judgment, levy, or  
14          similar written instruction issued by a  
15          court, a State or State agency, a munici-  
16          pality or municipal corporation, or a State  
17          child support enforcement agency, includ-  
18          ing a lien arising by operation of law for  
19          overdue child support or an order to freeze  
20          the assets in an account, to effect a gar-  
21          nishment against a debtor.

22                   “(vi) LOOKBACK PERIOD.—The term  
23          ‘lookback period’ means the two month pe-  
24          riod that begins on the date preceding the  
25          date of account review and ends on the

1           corresponding date of the month two  
2           months earlier, or on the last date of the  
3           month two months earlier if the cor-  
4           responding date does not exist.”.

5           (B) APPLICATION OF CERTAIN RULES; EX-  
6           TENSION.—Subsection (f) of section 7527A of  
7           such Code is amended to read as follows:

8           “(f) APPLICATION OF CERTAIN DEFINITIONS AND  
9           RULES APPLICABLE TO CHILD TAX CREDIT.—

10           “(1) DEFINITIONS.—Except as otherwise pro-  
11           vided in this section, terms used in this section  
12           which are also used in section 24 shall have the  
13           same respective meanings as when used in section  
14           24.

15           “(2) IDENTIFICATION REQUIREMENTS.—Rules  
16           similar to the rules which apply under subsections  
17           (e) and (h)(3) shall apply for purposes of this sec-  
18           tion except that such rules shall apply with respect  
19           to the return of tax for the reference taxable year  
20           or, in the case of information provided through a  
21           specified alternative mechanism, with respect to the  
22           information provided through such mechanism.

23           “(3) RESTRICTIONS ON TAXPAYERS WHO IM-  
24           PROPERLY CLAIMED CREDIT OR RECEIVED MONTHLY  
25           ADVANCE CHILD PAYMENTS.—For restrictions on



1 taxpayers who improperly claimed credit or received  
2 monthly advance child payments, see section 24(g).”.

3 (6) NOTICE RULE.—Subsection (d) of section  
4 7527A of such Code is amended by adding at the  
5 end the following: “In the case of any payments  
6 made to a taxpayer which the Secretary has deter-  
7 mined are subject to recapture, the notice provided  
8 under paragraph (1) to such taxpayer shall include  
9 the amount of such payments.”.

10 (7) NOTIFICATION OF CERTAIN EVENTS.—Sec-  
11 tion 7527A of such Code is amended by redesignig-  
12 nating subsection (g) as subsection (h) and by in-  
13 sserting after subsection (f) the following new sub-  
14 section:

15 “(k) NOTIFICATION OF CERTAIN EVENTS.—With re-  
16 spect to any taxpayer receiving monthly payments under  
17 this section with respect to any qualifying child, the Sec-  
18 retary shall, to the maximum extent practicable, provide  
19 reasonable advance notice of each of the following:

20 “(1) Any month with respect to which such  
21 monthly payment will increase (relative to the pre-  
22 ceding month) by reason of an inflation adjustment  
23 under section 24(i).

24 “(2) Any month with respect to which such  
25 monthly payment will be reduced (relative to the

1 preceding month) by reason of such child ceasing to  
2 be a qualifying child by reason of attaining age 18  
3 during the taxable year.

4 “(3) In the case of a taxpayer with a qualifying  
5 child to whom the \$300 amount under section 24(a)  
6 (as adjusted under section 24(i)) applies, any month  
7 with respect to which such monthly payment will be  
8 reduced by reason of such child attaining age 6.”.

9 (8) CONFORMING AMENDMENT.—Subsection (h)  
10 of section 7527A of such Code, as redesignated by  
11 paragraph (7), is amended by striking “subsections  
12 (i)(1) and (j)” and inserting “subsections (d) and  
13 (j)”.

14 (9) PRESUMPTIVE ELIGIBILITY.—Section  
15 7527A of such Code, as amended by paragraph (7),  
16 is further amended by adding at the end the fol-  
17 lowing new subsection:

18 “(i) PRESUMPTIVE ELIGIBILITY.—

19 “(1) IN GENERAL.—An individual shall be  
20 treated as a qualifying child of a taxpayer for pur-  
21 poses of determining any monthly payment under  
22 this section only if such month is part of the period  
23 of presumptive eligibility determined by the Sec-  
24 retary under this subsection with respect to such  
25 qualifying child and such taxpayer (determined by

1 treating the month described in subclause (I) of  
2 paragraph (2)(A)(ii) as being the first month begin-  
3 ning after the determination described in such sub-  
4 clause).

5 “(2) PERIOD OF PRESUMPTIVE ELIGIBILITY.—  
6 For purposes of this section—

7 “(A) IN GENERAL.—Except as otherwise  
8 provided by the Secretary, the term ‘period of  
9 presumptive eligibility’ means the period—

10 “(i) beginning with the month for  
11 which presumptive eligibility is established,  
12 and

13 “(ii) ending with the earliest of—

14 “(I) the beginning of the month  
15 described in clause (i) if the Secretary  
16 determines that the taxpayer com-  
17 mitted fraud or intentionally dis-  
18 regarded rules or regulations in estab-  
19 lishing or maintaining presumptive  
20 eligibility,

21 “(II) in the case of any notifica-  
22 tion from the Secretary that the pe-  
23 riod of presumptive eligibility has  
24 been terminated or suspended by rea-  
25 son of any question regarding eligi-

1 bility of the taxpayer for monthly pay-  
2 ments with respect to such child, the  
3 month specified in such notice as the  
4 month on which such termination or  
5 suspension begins, and

6 “(III) the month following any  
7 failure of the taxpayer to make the re-  
8 quired annual renewal of presumptive  
9 eligibility by such date as the Sec-  
10 retary may provide.

11 “(B) ESTABLISHING PRESUMPTIVE ELIGI-  
12 BILITY.—A taxpayer shall establish presumptive  
13 eligibility with respect to any qualifying child  
14 for any month at such time and in such manner  
15 as the Secretary may provide. Except as other-  
16 wise provided by the Secretary, in order to es-  
17 tablish a period of presumptive eligibility the  
18 taxpayer must express a reasonable expectation  
19 and intent that the taxpayer will continue to be  
20 eligible with respect to such qualifying child for  
21 at least the 2 months following the month for  
22 which presumptive eligibility is to be estab-  
23 lished.

24 “(C) METHOD OF ESTABLISHING PRE-  
25 SUMPTIVE ELIGIBILITY.—The Secretary shall

1 ensure information to establish presumptive eli-  
2 gibility under this paragraph may be provided  
3 on the return of tax for the taxable year ending  
4 before the calendar year which includes the  
5 month for which such eligibility is to be estab-  
6 lished, through the on-line portal described in  
7 subsection (c), or in such other manner as the  
8 Secretary may provide.

9 “(D) INCLUSION OF AUTOMATIC GRACE  
10 PERIODS AND PERIODS OF HARDSHIP.—The pe-  
11 riod of presumptive eligibility shall include any  
12 period to which subparagraph (A) or (B) of  
13 paragraph (5) applies.

14 “(E) ELIGIBILITY FOR BIRTH OR DEATH  
15 OF CHILD.—The Secretary shall issue regula-  
16 tions or other guidance to establish procedures  
17 pursuant to which, to the maximum extent ad-  
18 ministratively practicable—

19 “(i) with respect to a child born dur-  
20 ing a calendar month—

21 “(I) a parent of such child is  
22 treated as automatically establishing  
23 presumptive eligibility with respect to  
24 such child,

1           “(II) the period of such auto-  
2           matic presumptive eligibility is deter-  
3           mined, and

4           “(III) the first monthly payment  
5           is adjusted to be equal to the sum of  
6           the monthly advance amounts which  
7           would have been paid with respect to  
8           the child for months occurring during  
9           the calendar year if the child had been  
10          born in the preceding calendar year,  
11          and

12          “(ii) with respect to a child who dies  
13          during a calendar month—

14                 “(I) the taxpayer with respect to  
15                 whom the child was a qualifying child  
16                 for the last month the child was alive  
17                 is treated as having established pre-  
18                 sumptive eligibility with respect to  
19                 such child,

20                 “(II) the period of such presump-  
21                 tive eligibility ends with the last day  
22                 of the calendar year in which the child  
23                 died, and

24                 “(III) the monthly payments for  
25                 the remainder of such calendar year

1                   are determined and paid as if the  
2                   child were alive.

3                   “(F) PRESUMPTIVE ELIGIBILITY BASED  
4                   ON CERTAIN GOVERNMENT PROGRAMS.—The  
5                   Secretary shall issue regulations or other guid-  
6                   ance to establish procedures under which—

7                   “(i) based on information provided to  
8                   the Secretary by 1 or more government en-  
9                   tities, a parent or specified relative of a  
10                  child is treated as automatically estab-  
11                  lishing presumptive eligibility with respect  
12                  to such child, and

13                  “(ii) the period for which such auto-  
14                  matic presumptive eligibility is determined  
15                  (including any additional circumstances  
16                  under which such period will terminate).

17                  “(G) COORDINATION WITH PRESUMP-  
18                  TION.—For purposes of determining the status  
19                  of any individual as a qualifying child for pur-  
20                  poses of determining presumptive eligibility  
21                  with respect to any period, section 24(c) shall  
22                  be applied without regard to paragraph (8)  
23                  thereof.

24                  “(3) NOTICE OF TERMINATION OF PRESUMP-  
25                  TIVE ELIGIBILITY BY REASON OF FAILURE TO MAKE

1 ANNUAL RENEWAL.—If a taxpayer’s period of pre-  
2 sumptive eligibility with respect to any qualifying  
3 child terminates by reason of paragraph  
4 (2)(A)(ii)(III), the Secretary shall provide the tax-  
5 payer a written notice of such termination.

6 “(4) QUALIFYING CHILD OF MORE THAN 1 TAX-  
7 PAYER.—

8 “(A) IN GENERAL.—In the event that  
9 (without regard to this subparagraph) a period  
10 of presumptive eligibility with respect to the  
11 same qualifying child would exist for more than  
12 1 taxpayer at the same time—

13 “(i) except as otherwise provided in  
14 this section or by the Secretary, a period  
15 of presumptive eligibility shall exist only  
16 with respect to the taxpayer with the most  
17 recent reference taxable year,

18 “(ii) the Secretary shall establish pro-  
19 cedures under which the Secretary expedi-  
20 tiously adjudicates taxpayers’ competing  
21 claims of presumptive eligibility with re-  
22 spect to the same child, and

23 “(iii) the Secretary shall notify any  
24 taxpayer of the termination of a period of



1 presumptive eligibility pursuant to this  
2 paragraph.

3 “(B) PROVISIONS RELATED TO ADJUDICA-  
4 TION.—

5 “(i) EXPEDITED PROCESS; AP-  
6 PEALS.—The procedures established under  
7 subparagraph (A)(ii) shall include—

8 “(I) an expedited process for tax-  
9 payers who meet such requirements as  
10 the Secretary may establish for such  
11 expedited process, and

12 “(II) procedures for adjudicating  
13 an appeal of an adverse decision.

14 “(ii) INFORMATION RECEIPT AND CO-  
15 ORDINATION.—The Secretary may enter  
16 into agreements to receive information  
17 from, and otherwise coordinate with—

18 “(I) Federal agencies (including  
19 the Social Security Administration  
20 and the Department of Agriculture),

21 “(II) any State, local govern-  
22 ment, Tribal government, or posses-  
23 sion of the United States, and

24 “(III) any other individual or en-  
25 tity that the Secretary determines to

1           be appropriate for purposes of adjudi-  
2           cating a competing claim described in  
3           subparagraph (A).

4           “(iii) ADJUDICATION NOT TREATED  
5           AS ASSESSMENT.—An adjudication under  
6           the procedures established under subpara-  
7           graph (A)(ii) (including the adjudication of  
8           any appeal) shall not be treated as an as-  
9           sessment described in section 6201.

10          “(iv) ADJUDICATION NOT TREATED AS  
11          INSPECTION OF TAXPAYER’S BOOKS OF AC-  
12          COUNT.—The inspection of a taxpayer’s  
13          books of account in connection with any  
14          adjudication under the procedures estab-  
15          lished under subparagraph (A)(ii) (includ-  
16          ing the adjudication of any appeal) shall  
17          not be treated as an examination or inspec-  
18          tion of a taxpayer’s books of account for  
19          purposes of section 7605(b).

20          “(C) RETROACTIVE PAYMENTS.—If, pursu-  
21          ant to the procedures established under sub-  
22          paragraph (A)(ii), the Secretary determines  
23          that a child is a qualifying child of a taxpayer  
24          and the Secretary did not make payments to  
25          such taxpayer with respect to such child for any

1           portion of the period during which the deter-  
2           mination was made, the Secretary may make a  
3           one-time payment to the taxpayer with respect  
4           to which such child is the qualifying child in an  
5           amount equal to the aggregate amount by  
6           which the monthly payments to such taxpayer  
7           would have increased during such period if such  
8           determination had been made immediately.

9           “(D) RECAPTURE OF PAYMENTS.—If, pur-  
10          suant to the procedures established under sub-  
11          paragraph (A)(ii), the Secretary makes pay-  
12          ments with respect to the child during the pe-  
13          riod during which the determination is made—

14                 “(i) the Secretary shall provide each  
15                 taxpayer which receives such payments no-  
16                 tice that such payments may be subject to  
17                 recapture, and

18                 “(ii) upon making such determination,  
19                 the Secretary shall determine on the basis  
20                 of the facts and circumstances of each  
21                 such taxpayer whether any such payments  
22                 should be subject to recapture and shall so  
23                 notify each such taxpayer.

24           “(5) RULES RELATED TO GRACE PERIODS AND  
25          HARDSHIPS.—

1           “(A) AUTOMATIC GRACE PERIOD.—

2                   “(i) IN GENERAL.—Notwithstanding  
3           paragraph (4), in the case of any failure or  
4           delay in establishing a period of presump-  
5           tive eligibility with respect to which the  
6           taxpayer elects the application of this  
7           clause, credit under section 24 or retro-  
8           active payment under this section (similar  
9           to the payment described in paragraph  
10          (4)(C)) shall be allowed or made with re-  
11          spect to so much of the period of such fail-  
12          ure or delay as does not exceed 3 months.  
13          The preceding sentence shall not apply if  
14          the Secretary determines that such failure  
15          or delay was due to fraud or reckless or in-  
16          tentional disregard of rules and regula-  
17          tions.

18                   “(ii) LIMITATION.—Clause (i) shall  
19          not apply with respect to any taxpayer  
20          more than once during any 36-month pe-  
21          riod.

22                   “(B) HARDSHIP.—Notwithstanding para-  
23          graph (4), if the Secretary determines that a  
24          failure or delay in establishing a period of pre-  
25          sumptive eligibility with respect to any quali-

1           fying child was due to domestic violence, serious  
2           illness, natural disaster, or any other hardship,  
3           credit under section 24 or retroactive payment  
4           under this section (similar to the payment de-  
5           scribed in paragraph (4)(C)) shall be allowed or  
6           made with respect to so much of the period of  
7           such failure or delay as does not exceed 6  
8           months.”.

9           (1) DISCLOSURE OF INFORMATION RELATING TO AD-  
10          VANCE PAYMENT OF CHILD TAX CREDIT.—Section  
11          6103(e) of the Internal Revenue Code of 1986 is amended  
12          by adding at the end the following new paragraph:

13                 “(12) DISCLOSURE OF INFORMATION RELATING  
14          TO ADVANCE PAYMENT OF CHILD TAX CREDIT.—

15                         “(A) JOINT FILERS.—In the case of an in-  
16                         dividual to whom the Secretary makes pay-  
17                         ments under section 7527A, if the reference  
18                         taxable year (as defined in section  
19                         7527A(b)(2)(A)) that the Secretary uses to cal-  
20                         culate such payments is a year for which the in-  
21                         dividual filed an income tax return jointly with  
22                         another individual, the Secretary may disclose  
23                         to such individual any information which is rel-  
24                         evant in determining the payment under section  
25                         7527A and the individual’s eligibility for such

1 payment, including information regarding any  
2 of the following:

3 “(i) The number of qualifying chil-  
4 dren, including a child born during the  
5 taxable year.

6 “(ii) The name and TIN of qualifying  
7 children.

8 “(iii) Marital status.

9 “(iv) Modified adjusted gross income.

10 “(v) Principal place of abode.

11 “(vi) Any other factor which the Sec-  
12 retary may provide pursuant to section  
13 7527A(c).

14 “(B) COMPETING CLAIMANTS.—In the case  
15 of an individual who has a competing claim of  
16 presumptive eligibility with respect to a quali-  
17 fying child under section 7527A(i)(4)(A), the  
18 Secretary may disclose to such individual return  
19 information provided by another individual who  
20 has a competing claim of presumptive eligibility  
21 with respect to the same qualifying child in the  
22 course of the Secretary’s adjudication of that  
23 competing claim, as well as any other informa-  
24 tion considered by the Secretary with respect to  
25 that competing claim. Such information shall be

1 limited to the items specified in subparagraph  
2 (A) and the following:

3 “(i) Information received under any  
4 agreements or coordination the Secretary  
5 entered into with—

6 “(I) any State, local government,  
7 Tribal government, or possession of  
8 the United States, or

9 “(II) any other individual or enti-  
10 ty that the Secretary determines to be  
11 appropriate for purposes of adjudi-  
12 cating a competing claim.

13 “(ii) Information considered by the  
14 Secretary about where and with whom the  
15 child resided.

16 “(iii) Information considered by the  
17 Secretary about expenditures made by the  
18 claimants to the extent such payments re-  
19 late to the competing claim.”.

20 (m) ADDITIONAL CONFORMING AMENDMENTS.—

21 (1) Section 6211(b)(4)(A) of such Code is  
22 amended by striking “subsections (d) and (i)(1)”  
23 and inserting “subsection (d)”.

1           (2) Section 6428(g)(3)(A) of such Code is  
2 amended by striking “24(h)(7)” and inserting  
3 “24(h)(3)”.

4           (3) Section 6428A(g)(4) of such Code is  
5 amended by striking “24(h)(7)” and inserting  
6 “24(h)(3)”.

7           (n) EFFECTIVE DATES.—The amendments made by  
8 this section shall apply to taxable years beginning after  
9 December 31, 2023.

○