

118TH CONGRESS
1ST SESSION

S. _____

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

IN THE SENATE OF THE UNITED STATES

Mr. BROWN (for himself, Mr. BENNET, Mr. BOOKER, Mr. WARNOCK, and Mr. WYDEN) introduced the following bill; which was read twice and referred to the Committee on _____

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 “(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 (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 “(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 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.