

**AMENDMENT TO**  
**RULES COMMITTEE PRINT 119-3**  
**OFFERED BY MS. LEGER FERNANDEZ OF NEW**  
**MEXICO**

Strike section 110004 and insert the following new section:

**1 SEC. 110004. ESTABLISHMENT OF REFUNDABLE CHILD TAX**  
**2 CREDIT WITH MONTHLY ADVANCE PAYMENT.**

**3 (a) IN GENERAL.**—Subpart A of part IV of sub-  
**4 chapter A of chapter 1 is amended by inserting after sec-**  
**5 tion 24 the following new sections:**

**6 “SEC. 24A. MONTHLY CHILD TAX CREDIT.**

**7 “(a) ALLOWANCE OF CREDIT.**—There shall be al-  
**8 lowed as a credit against the tax imposed by this chapter**  
**9 for the taxable year the sum of the monthly specified child**  
**10 allowances determined with respect to the taxpayer under**  
**11 subsection (b) for each calendar month during such tax-**  
**12 able year.**

**13 “(b) MONTHLY SPECIFIED CHILD ALLOWANCE.**—

**14 “(1) IN GENERAL.**—For purposes of this sec-  
**15 tion, the term ‘monthly specified child allowance’**  
**16 means, with respect to any taxpayer for any cal-**  
**17 endar month, the sum of—**

1           “(A) \$300, with respect to each specified  
2           child of such taxpayer who will (as of the close  
3           of such month) have attained age 6, plus

4           “(B) 120 percent of the dollar amount in  
5           effect for such month under subparagraph (A),  
6           with respect to each specified child of such tax-  
7           payer who will not (as of the close of such  
8           month) have attained age 6.

9           In the case of any specified child of such taxpayer  
10          who will not (as of the close of such month) have at-  
11          tained the age of 1 month, subparagraph (B) shall  
12          be applied by substituting ‘800 percent’ for ‘120  
13          percent’.

14          “(2) LIMITATIONS BASED ON MODIFIED AD-  
15          JUSTED GROSS INCOME.—

16          “(A) INITIAL REDUCTION.—The monthly  
17          specified child allowance otherwise determined  
18          under paragraph (1) with respect to any tax-  
19          payer for any calendar month shall be reduced  
20          (but not below zero) by  $\frac{1}{12}$  of 5 percent of the  
21          excess (if any) of the taxpayer’s modified ad-  
22          justed gross income for the applicable taxable  
23          year over the initial threshold amount in effect  
24          for such applicable taxable year.

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

4                   “(i) the excess (if any) of—

5                   “(I) the monthly specified child  
6                   allowance with respect to the taxpayer  
7                   for such calendar month (determined  
8                   without regard to this paragraph),  
9                   over

10                  “(II) the amount which would be  
11                  determined under subclause (I) if the  
12                  dollar amounts in effect under sub-  
13                  paragraphs (A) and (B) of paragraph  
14                  (1) were each equal to \$166.67, or

15                  “(ii)  $\frac{1}{12}$  of 5 percent of the excess of  
16                  the secondary threshold amount over the  
17                  initial threshold amount.

18                  “(C) SECONDARY REDUCTION.—The  
19                  monthly specified child allowance otherwise de-  
20                  termined under paragraph (1) with respect to  
21                  any taxpayer for such calendar month (deter-  
22                  mined after the application of subparagraphs  
23                  (A) and (B)) shall be reduced (but not below  
24                  zero) by  $\frac{1}{12}$  of 5 percent of the excess (if any)  
25                  of the taxpayer’s modified adjusted gross in-

1           come for the applicable taxable year over the  
2           secondary threshold amount.

3           “(D) DEFINITIONS RELATED TO LIMITA-  
4           TIONS BASED ON MODIFIED ADJUSTED GROSS  
5           INCOME.—For purposes of this paragraph—

6           “(i) INITIAL THRESHOLD AMOUNT.—  
7           The term ‘initial threshold amount’  
8           means—

9                       “(I) \$150,000, in the case of a  
10                      joint return or surviving spouse (as  
11                      defined in section 2(a)),

12                     “(II)  $\frac{1}{2}$  the dollar amount in ef-  
13                     fect under subclause (I), in the case of  
14                     a married individual filing a separate  
15                     return, and

16                     “(III) \$112,500, in any other  
17                     case.

18           “(ii) SECONDARY THRESHOLD  
19           AMOUNT.—The term ‘secondary threshold  
20           amount’ means—

21                       “(I) \$400,000, in the case of a  
22                      joint return or surviving spouse (as  
23                      defined in section 2(a)),

1 “(II) \$200,000, in the case of a  
2 married individual filing a separate  
3 return, and

4 “(III) \$300,000, in any other  
5 case.

6 “(iii) APPLICABLE TAXABLE YEAR.—  
7 The term ‘applicable taxable year’ means,  
8 with respect to any taxable year for which  
9 the credit under this section is deter-  
10 mined—

11 “(I) such taxable year, or

12 “(II) if the taxpayer elects the  
13 application of this subclause (at such  
14 time and in such form and manner as  
15 the Secretary may provide), the pre-  
16 ceding taxable year or the second pre-  
17 ceding taxable year (as specified in  
18 such election).

19 “(iv) MODIFIED ADJUSTED GROSS IN-  
20 COME.—The term ‘modified adjusted gross  
21 income’ means adjusted gross income in-  
22 creased by any amount excluded from  
23 gross income under section 911, 931, or  
24 933.

25 “(3) INFLATION ADJUSTMENTS.—

1           “(A) MONTHLY SPECIFIED CHILD ALLOW-  
2           ANCE.—In the case of any month beginning  
3           after December 31, 2025, the \$300 amount in  
4           paragraph (1)(A) shall be increased by an  
5           amount equal to—

6                   “(i) such dollar amount, multiplied  
7                   by—

8                   “(ii) the percentage (if any) by  
9                   which—

10                   “(I) the CPI (as defined in sec-  
11                   tion 1(f)(4)) for the calendar year  
12                   preceding the calendar year in which  
13                   such month begins, exceeds

14                   “(II) the CPI (as so defined) for  
15                   calendar year 2024.

16           “(B) INITIAL THRESHOLD AMOUNT.—In  
17           the case of any taxable year beginning after De-  
18           cember 31, 2024, the dollar amounts in sub-  
19           clauses (I) and (III) of paragraph (2)(D)(i)  
20           shall each be increased by an amount equal  
21           to—

22                   “(i) such dollar amount, multiplied by

23                   “(ii) the percentage (if any) which  
24                   would be determined under subparagraph

1 (A)(ii) if subclause (II) thereof were ap-  
2 plied by substituting ‘2022’ for ‘2024’.

3 “(C) ROUNDING.—

4 “(i) MONTHLY SPECIFIED CHILD AL-  
5 LOWANCE.—Any increase under subpara-  
6 graph (A) which is not a multiple of \$10  
7 shall be rounded to the nearest multiple of  
8 \$10.

9 “(ii) INITIAL THRESHOLD AMOUNT.—  
10 Any increase under subparagraph (B)  
11 which is not a multiple of \$5,000 shall be  
12 rounded to the nearest multiple of \$5,000.

13 “(c) SPECIFIED CHILD.—For purposes of this sec-  
14 tion—

15 “(1) IN GENERAL.—The term ‘specified child’  
16 means, with respect to any taxpayer for any cal-  
17 endar month, an individual—

18 “(A) who has the same principal place of  
19 abode as the taxpayer for more than one-half of  
20 such month,

21 “(B) who is younger than the taxpayer and  
22 will not, as of the close of such month, have at-  
23 tained age 18,

24 “(C) who receives care from the taxpayer  
25 during such month that is not compensated,

1           “(D) who is not the spouse of the taxpayer  
2           at any time during such month, and

3           “(E) who either—

4                 “(i) is a citizen, national, or resident  
5                 of the United States, or

6                 “(ii) if the taxpayer is a citizen or na-  
7                 tional of the United States, such individual  
8                 is a legally adopted individual of such tax-  
9                 payer or is lawfully placed with such tax-  
10                payer for legal adoption by such taxpayer.

11           “(2) CERTAIN INDIVIDUALS INELIGIBLE.—In  
12           the case of an individual who is a specified child  
13           with respect to another taxpayer for any calendar  
14           month, such individual shall be treated for such cal-  
15           endar month as having no specified children.

16           “(3) CARE FROM THE TAXPAYER.—

17                 “(A) IN GENERAL.—Except as otherwise  
18                 provided by the Secretary, whether any indi-  
19                 vidual receives care from the taxpayer (within  
20                 the meaning of paragraph (1)(C)) shall be de-  
21                 termined on the basis of facts and cir-  
22                 cumstances with respect to the following fac-  
23                 tors:



1 “(i) The supervision provided by the  
2 taxpayer regarding the daily activities and  
3 needs of the individual.

4 “(ii) The maintenance by the taxpayer  
5 of a secure environment at which the indi-  
6 vidual resides.

7 “(iii) The provision or arrangement by  
8 the taxpayer of, and transportation by the  
9 taxpayer to, medical care at regular inter-  
10 vals and as required for the individual.

11 “(iv) The involvement by the taxpayer  
12 in, and financial and other support by the  
13 taxpayer for, educational or similar activi-  
14 ties of the individual.

15 “(v) Any other factor that the Sec-  
16 retary determines to be appropriate to de-  
17 termine whether the individual receives  
18 care from the taxpayer.

19 “(B) DETERMINATION OF WHETHER CARE  
20 IS COMPENSATED.—For purposes of deter-  
21 mining if care is compensated within the mean-  
22 ing of paragraph (1)(C), compensation from the  
23 Federal Government, a State or local govern-  
24 ment, a Tribal government, or any possession of

1 the United States shall not be taken into ac-  
2 count.

3 “(4) APPLICATION OF TIE-BREAKER RULES.—

4 “(A) IN GENERAL.—Except as provided in  
5 subparagraph (D), if any individual would (but  
6 for this paragraph) be a specified child of 2 or  
7 more taxpayers for any month, such individual  
8 shall be treated as the specified child only of  
9 the taxpayer who is—

10 “(i) the parent of the individual (or, if  
11 such individual would (but for this para-  
12 graph) be a specified child of 2 or more  
13 parents of the individual for such month,  
14 the parent of the individual determined  
15 under subparagraph (B)),

16 “(ii) if the individual is not a specified  
17 child of any parent of the individual (deter-  
18 mined without regard to this paragraph),  
19 the specified relative of the individual with  
20 the highest adjusted gross income for the  
21 taxable year which includes such month, or

22 “(iii) if the individual is neither a  
23 specified child of any parent of the indi-  
24 vidual nor a specified child of any specified  
25 relative of the individual (in both cases de-

1           terminated without regard to this para-  
2           graph), the taxpayer with the highest ad-  
3           justed gross income for the taxable year  
4           which includes such month.

5           “(B) TIE-BREAKER AMONG PARENTS.—If  
6           any individual would (but for this paragraph)  
7           be the specified child of 2 or more parents of  
8           the individual for any month, such child shall  
9           be treated only as the specified child of—

10           “(i) the parent with whom the child  
11           resided for the longest period of time dur-  
12           ing such month, or

13           “(ii) if the child resides with both par-  
14           ents for the same amount of time during  
15           such month, the parent with the highest  
16           adjusted gross income for the taxable year  
17           which includes such month.

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

21           “(i) an ancestor of a parent of the  
22           specified child,

23           “(ii) a brother or sister of a parent of  
24           the specified child, or

1                   “(iii) a brother, sister, stepbrother, or  
2                   stepsister of the specified child.

3                   “(D) CERTAIN PARENTS OR SPECIFIED  
4                   RELATIVES NOT TAKEN INTO ACCOUNT.—This  
5                   paragraph shall be applied without regard to  
6                   any parent or specified relative of an individual  
7                   for any month if—

8                   “(i) such parent or specified relative  
9                   elects to have such individual not be treat-  
10                  ed as a specified child of such parent or  
11                  specified relative for such month,

12                  “(ii) in the case of a parent of such  
13                  individual, the adjusted gross income of  
14                  the taxpayer (with respect to whom such  
15                  individual would be treated as a specified  
16                  child after application of this subpara-  
17                  graph) for the taxable year which includes  
18                  such month is higher than the highest ad-  
19                  justed gross income of any parent of the  
20                  individual for any taxable year which in-  
21                  cludes such month (determined without re-  
22                  gard to any parent with respect to whom  
23                  such individual is not a specified child, de-  
24                  termined without regard to subparagraphs

1 (A) and (B) and after application of this  
2 subparagraph), and

3 “(iii) in the case of a specified relative  
4 of such individual, the adjusted gross in-  
5 come of the taxpayer (with respect to  
6 whom such individual would be treated as  
7 a specified child after application of this  
8 subparagraph) for the taxable year which  
9 includes such month is higher than the  
10 highest adjusted gross income of any par-  
11 ent and any specified relative of the indi-  
12 vidual for any taxable year which includes  
13 such month (determined without regard to  
14 any parent and any specified relative with  
15 respect to whom such individual is not a  
16 specified child, determined without regard  
17 to subparagraphs (A) and (B) and after  
18 application of this subparagraph).

19 “(E) TREATMENT OF JOINT RETURNS.—  
20 For purposes of this paragraph, with respect to  
21 any month, the adjusted gross income of each  
22 person who files a joint return for the taxable  
23 year which includes such month is the total ad-  
24 justed gross income shown on the joint return  
25 for the taxable year.

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

5           “(5) TREATMENT OF TEMPORARY ABSENCES.—  
6           Except as provided in regulations or other guidance  
7           issued by the Secretary, for purposes of this sub-  
8           section—

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

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

15               “(ii) be treated as satisfying the care  
16               requirement described in paragraph (1)(C)  
17               for each day described in clause (i), and

18               “(iii) not be treated as a day at any  
19               other location.

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

23               “(i) the individual would have resided  
24               at the place of abode but for the absence,  
25               and

1                   “(ii) under the facts and cir-  
2                   cumstances, it is reasonable to assume that  
3                   the individual will return to reside at the  
4                   place of abode.

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

8                   “(7) ELIGIBILITY DETERMINED ON BASIS OF  
9                   PRESUMPTIVE ELIGIBILITY.—

10                  “(A) IN GENERAL.—If a period of pre-  
11                  sumptive eligibility is established under section  
12                  7527A(c) with respect to any taxpayer and  
13                  child—

14                  “(i) such child shall be treated as the  
15                  specified child of such taxpayer for any  
16                  month in such period of presumptive eligi-  
17                  bility, and

18                  “(ii) such child shall not be treated as  
19                  the specified child of any other taxpayer  
20                  with respect to whom a period of presump-  
21                  tive eligibility has not been established for  
22                  any such month.

23                  “(B) ABILITY OF CREDIT CLAIMANTS TO  
24                  ESTABLISH PRESUMPTIVE ELIGIBILITY.—Noth-  
25                  ing in section 7527A(c) shall be interpreted to

1 preclude a taxpayer from establishing a period  
2 of presumptive eligibility (including any period  
3 described in subparagraph (D) with respect to  
4 which payment could be made) with respect to  
5 any specified child for purposes of this section  
6 solely because such taxpayer affirmatively elects  
7 not to receive monthly advance child payments  
8 under section 7527A.

9 “(C) EXCEPTION FOR INCOME-BASED TIE-  
10 BREAKER RULES.—If a period of presumptive  
11 eligibility is established under section 7527A(c)  
12 for any individual with respect to any taxpayer  
13 and such individual is not the specified child of  
14 such taxpayer for any month in such period by  
15 reason of such taxpayer failing to be described  
16 in clause (i), (ii), or (iii) of paragraph (4)(A)  
17 for the taxable year which includes such month,  
18 subparagraph (A) shall not apply with respect  
19 to such month.

20 “(D) TREATMENT OF CERTAIN RETRO-  
21 ACTIVE PAYMENTS.—If any payment is made  
22 under subparagraph (A) or (B) of section  
23 7527A(f)(3) or paragraph (1) or (2) of section  
24 7527A(g), with respect to any taxpayer and  
25 child for any period, such period shall be treat-



1           ed as a period of presumptive eligibility estab-  
2           lished under section 7527A(c) with respect to  
3           such taxpayer and child for purposes of apply-  
4           ing subparagraph (A).

5           “(E) FRAUD AND INTENTIONAL DIS-  
6           REGARD OF RULES OR REGULATIONS.—If the  
7           Secretary determines that the taxpayer com-  
8           mitted fraud or intentionally disregarded rules  
9           or regulations in establishing or maintaining  
10          any period of presumptive eligibility, the  
11          months with respect to which such fraud or in-  
12          tentional disregard relates shall not be treated  
13          as a period of presumptive eligibility for pur-  
14          poses of subparagraph (A).

15          “(d) CREDIT REFUNDABLE.—If the taxpayer (in the  
16          case of a joint return, either spouse) has a principal place  
17          of abode (determined as provided in section 32) in the  
18          United States or Puerto Rico for more than one-half of  
19          any calendar month during the taxable year, so much of  
20          the credit otherwise allowed under subsection (a) as is at-  
21          tributable to monthly specified child allowances with re-  
22          spect to any such calendar month shall be allowed under  
23          subpart C (and not allowed under this subpart).

24          “(e) IDENTIFICATION REQUIREMENTS.—

1           “(1) QUALIFYING CHILD IDENTIFICATION RE-  
2           QUIREMENT.—No credit shall be allowed under this  
3           section to a taxpayer with respect to any qualifying  
4           child unless the taxpayer includes the name and tax-  
5           payer identification number of such qualifying child  
6           on the return of tax for the taxable year and such  
7           taxpayer identification number was issued on or be-  
8           fore the due date for filing such return.

9           “(2) TAXPAYER IDENTIFICATION REQUIRE-  
10          MENT.—No credit shall be allowed under this section  
11          if the taxpayer identification number of the taxpayer  
12          was issued after the due date for filing the return  
13          for the taxable year.

14          “(f) RESTRICTIONS ON TAXPAYERS WHO IMPROP-  
15          ERLY CLAIMED CREDIT OR IMPROPERLY RECEIVED  
16          MONTHLY ADVANCE CHILD PAYMENT.—

17               “(1) TAXPAYERS MAKING PRIOR FRAUDULENT  
18               OR RECKLESS CLAIMS.—

19                   “(A) IN GENERAL.—No credit shall be al-  
20                   lowed under this section for any taxable year  
21                   (and no payment shall be made under section  
22                   7527A for any month) in the disallowance pe-  
23                   riod.

1           “(B) DISALLOWANCE PERIOD.—For pur-  
2           poses of subparagraph (A), the disallowance pe-  
3           riod is—

4                   “(i) the period of 120 calendar  
5                   months after the most recent calendar  
6                   month for which there was a final deter-  
7                   mination that the taxpayer’s claim of cred-  
8                   it under this section or section 24 (or pay-  
9                   ment received under section 7527A) was  
10                  due to fraud, and

11                   “(ii) the period of 24 calendar months  
12                   after the most recent calendar month for  
13                   which there was a final determination that  
14                   the taxpayer’s claim of credit under this  
15                   section or section 24 (or payment received  
16                   under section 7527A) was due to reckless  
17                   or intentional disregard of rules and regu-  
18                   lations (but not due to fraud).

19           “(2) TAXPAYERS MAKING IMPROPER PRIOR  
20           CLAIMS.—In the case of a taxpayer who is denied  
21           credit under this section or section 24 for any tax-  
22           able year as a result of the deficiency procedures  
23           under subchapter B of chapter 63, no credit shall be  
24           allowed under this section for any subsequent tax-  
25           able year (and no payment shall be made under sec-

1       tion 7527A for any subsequent month) unless the  
2       taxpayer provides such information as the Secretary  
3       may require to demonstrate eligibility for such cred-  
4       it.

5           “(3) COORDINATION WITH POSSESSIONS OF  
6       THE UNITED STATES.—For purposes of this sub-  
7       section, a taxpayer’s claim of credit under this sec-  
8       tion or section 24 (or payment received under sec-  
9       tion 7527A) includes a claim of credit under this  
10      section or section 24 of the income tax law of any  
11      jurisdiction other than the United States (or similar  
12      payment received under section 7527A of such in-  
13      come tax law), and a claim made or a payment re-  
14      ceived from American Samoa pursuant to a plan de-  
15      scribed in subsection (h)(3)(B) or section  
16      24(k)(3)(B).

17      “(g) RECONCILIATION OF CREDIT AND MONTHLY  
18      ADVANCE CHILD PAYMENTS.—

19           “(1) IN GENERAL.—The amount otherwise de-  
20      termined under subsection (a) with respect to any  
21      taxpayer for any taxable year shall be reduced (but  
22      not below zero) by the aggregate amount of pay-  
23      ments made under section 7527A to such taxpayer  
24      for one or more calendar months in such taxable  
25      year. Any failure to so reduce the credit shall be

1 treated as arising out of a mathematical or clerical  
2 error and assessed according to section 6213(b)(1).

3 “(2) INCREASE IN TAX EQUAL TO EXCESS AD-  
4 VANCE PAYMENTS IN CERTAIN CIRCUMSTANCES.—If  
5 the aggregate amount of payments made to the tax-  
6 payer under section 7527A for one or more calendar  
7 months in such taxable year exceeds the amount al-  
8 lowed as a credit under subpart C by reason of this  
9 section with respect to such taxpayer for such tax-  
10 able year (without regard to paragraph (1) of this  
11 subsection), the tax imposed by this chapter for such  
12 taxable year shall be increased by so much of such  
13 excess as is attributable to one or more of the fol-  
14 lowing:

15 “(A) Fraud, or reckless or intentional dis-  
16 regard of rules and regulations, by the tax-  
17 payer.

18 “(B) Changes in the taxpayer’s modified  
19 adjusted gross income or filing status that af-  
20 fect the application of the limitation imposed by  
21 subsection (b)(2).

22 “(C) Payments under section 7527A which  
23 were made for months which were not part of  
24 a period of presumptive eligibility.

1           “(D) A failure to be the taxpayer described  
2           in clause (i), (ii), or (iii) of subsection  
3           (c)(4)(A).

4           “(E) A failure to satisfy the requirements  
5           of subsection (d).

6           “(F) A failure to satisfy the requirements  
7           of paragraphs (1) or (2) of subsection (e), ex-  
8           cept that a failure to satisfy the requirements  
9           of subsection (e)(1) shall not be taken into ac-  
10          count under this subparagraph if the taxpayer  
11          demonstrates to the satisfaction of the Sec-  
12          retary that it is reasonable to expect that the  
13          qualifying child will be issued a taxpayer identi-  
14          fication number and that the delay in such  
15          issuance was due to reasonable cause and not  
16          willful neglect.

17          “(G) Such other circumstances as the Sec-  
18          retary identifies for purposes of this subpara-  
19          graph to facilitate the administration and en-  
20          forcement by the Secretary of section 7527A, to  
21          minimize the amount of advance payments  
22          made under section 7527A to ineligible individ-  
23          uals, and to prevent abuse.

1                   “(H) Payments subject to treatment as ex-  
2                   cess advance payments after notice under sec-  
3                   tion 7527A(j)(2).

4                   “(3) JOINT RETURNS.—Except as otherwise  
5                   provided by the Secretary, in the case of an advance  
6                   payment made under section 7527A with respect to  
7                   a joint return, half of such payment shall be treated  
8                   as having been made to each individual filing such  
9                   return.

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

1 of this paragraph that is inconsistent with the pur-  
2 poses of this subsection.

3 “(h) APPLICATION OF CREDIT IN POSSESSIONS.—

4 “(1) MIRROR CODE POSSESSIONS.—

5 “(A) IN GENERAL.—The Secretary shall  
6 pay to each possession of the United States  
7 with a mirror code tax system amounts equal to  
8 the loss (if any) to that possession by reason of  
9 the application of this section (determined with-  
10 out regard to this subsection) with respect to  
11 taxable years beginning in calendar years after  
12 2024. Such amounts shall be determined by the  
13 Secretary based on information provided by the  
14 government of the respective possession.

15 “(B) COORDINATION WITH CREDIT AL-  
16 LOWED AGAINST UNITED STATES INCOME  
17 TAXES.—No credit shall be allowed under this  
18 section for any taxable year to any individual to  
19 whom a credit is allowable against taxes im-  
20 posed by a possession of the United States with  
21 a mirror code tax system by reason of the appli-  
22 cation of this section in such possession for  
23 such taxable year.

24 “(C) MIRROR CODE TAX SYSTEM.—For  
25 purposes of this paragraph, the term ‘mirror



1 code tax system’ means, with respect to any  
2 possession of the United States, the income tax  
3 system of such possession if the income tax li-  
4 ability of the residents of such possession under  
5 such system is determined by reference to the  
6 income tax laws of the United States as if such  
7 possession were the United States.

8 “(2) CROSS REFERENCES RELATED TO APPLI-  
9 CATION OF CREDIT TO RESIDENTS OF PUERTO  
10 RICO.—

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

13 “(B) For application of advance payment  
14 to residents of Puerto Rico, see section  
15 7527A(b)(5).

16 “(3) AMERICAN SAMOA.—

17 “(A) IN GENERAL.—The Secretary shall  
18 pay to American Samoa amounts estimated by  
19 the Secretary as being equal to the aggregate  
20 benefits that would have been provided to resi-  
21 dents of American Samoa by reason of the ap-  
22 plication of this section for taxable years begin-  
23 ning in calendar years after 2024 if the provi-  
24 sions of this section had been in effect in Amer-  
25 ican Samoa (applied as if American Samoa

1           were the United States and without regard to  
2           the application of this section to residents of  
3           Puerto Rico under subsection (d)).

4                   “(B) DISTRIBUTION REQUIREMENT.—Sub-  
5           paragraph (A) shall not apply unless American  
6           Samoa has a plan, which has been approved by  
7           the Secretary, under which American Samoa  
8           will promptly distribute such payments to its  
9           residents.

10                   “(C) COORDINATION WITH CREDIT AL-  
11           LOWED AGAINST UNITED STATES INCOME  
12           TAXES.—

13                   “(i) IN GENERAL.—In the case of a  
14           taxable year with respect to which a plan  
15           is approved under subparagraph (B), this  
16           section (other than this subsection) shall  
17           not apply to any individual eligible for a  
18           distribution under such plan.

19                   “(ii) APPLICATION OF SECTION IN  
20           EVENT OF ABSENCE OF APPROVED  
21           PLAN.—In the case of a taxable year with  
22           respect to which a plan is not approved  
23           under subparagraph (B), subsection (d)  
24           shall be applied by substituting ‘, Puerto

1 Rico, or American Samoa’ for ‘or Puerto  
2 Rico’.

3 “(4) TREATMENT OF PAYMENTS.—For pur-  
4 poses of section 1324 of title 31, United States  
5 Code, the payments under this subsection shall be  
6 treated in the same manner as a refund due from  
7 a credit provision referred to in subsection (b)(2) of  
8 such section.

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

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

16 “(2) to coordinate or modify the application of  
17 this section, section 24, and section 7527A in the  
18 case of any taxpayer—

19 “(A) whose taxable year is other than a  
20 calendar year,

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

1           “(C) whose principal place of abode for  
2           any month is different from the principal place  
3           of abode used for determining the monthly pay-  
4           ment under section 7527A for such month.

5   **“SEC. 24B. CREDIT FOR CERTAIN OTHER DEPENDENTS.**

6           “(a) IN GENERAL.—There shall be allowed as a cred-  
7           it against the tax imposed by this chapter for the taxable  
8           year an amount equal to \$500 with respect to each speci-  
9           fied dependent of such taxpayer for such taxable year.

10          “(b) LIMITATION BASED ON MODIFIED ADJUSTED  
11          GROSS INCOME.—

12           “(1) IN GENERAL.—The amount of the credit  
13           allowable under subsection (a) shall be reduced (but  
14           not below zero) by \$50 for each \$1,000 (or fraction  
15           thereof) by which the taxpayer’s modified adjusted  
16           gross income exceeds the threshold amount.

17           “(2) THRESHOLD AMOUNT.—For purposes of  
18           this subsection, the term ‘threshold amount’  
19           means—

20           “(A) \$400,000, in the case of a joint re-  
21           turn or surviving spouse (as defined in section  
22           2(a)),

23           “(B) \$200,000, in the case of a married  
24           individual filing a separate return, and

25           “(C) \$300,000, in any other case.

1           “(3) MODIFIED ADJUSTED GROSS INCOME.—

2           For purposes of this subsection, the term ‘modified  
3           adjusted gross income’ means adjusted gross income  
4           increased by any amount excluded from gross in-  
5           come under section 911, 931, or 933.

6           “(c) SPECIFIED DEPENDENT.—For purposes of this  
7           section, the term ‘specified dependent’ means, with respect  
8           to any taxpayer for any taxable year, any dependent of  
9           such taxpayer (as defined in section 152) for such taxable  
10          year unless such dependent—

11           “(1) is a specified child of the taxpayer, or any  
12          other taxpayer, for any month during such taxable  
13          year, or

14           “(2) would not be a dependent if subparagraph  
15          (A) of section 152(b)(3) were applied without regard  
16          to all that follows ‘resident of the United States’.

17          “(d) SPECIAL RULE FOR TAXABLE YEAR CHILD AT-  
18          TAINS AGE 18.—If any dependent of the taxpayer attains  
19          age 18 during the taxable year—

20           “(1) whether such dependent is a specified de-  
21          pendent shall be determined without regard to para-  
22          graph (1) of subsection (c), and

23           “(2) with respect to such dependent, subsection  
24          (a) shall be applied by substituting an amount for  
25          ‘\$500’ that bears the same ratio to \$500 as—

1 “(A) the excess of—

2 “(i) 12, over

3 “(ii) the number of months during

4 such taxable year with respect to which

5 such dependent is a specified child of the

6 taxpayer or any other taxpayer, bears to

7 “(B) 12.

8 “(e) IDENTIFICATION REQUIREMENTS.—Rules simi-  
9 lar to the rules of section 24A(e) shall apply for purposes  
10 of this section.

11 “(f) TAXABLE YEAR MUST BE FULL TAXABLE  
12 YEAR.—Except in the case of a taxable year closed by rea-  
13 son of the death of the taxpayer, no credit shall be allow-  
14 able under this section in the case of a taxable year cov-  
15 ering a period of less than 12 months.

16 “(g) REGULATIONS.—The Secretary shall issue such  
17 regulations or other guidance as the Secretary determines  
18 necessary or appropriate to carry out the purposes of this  
19 section.”.

20 (b) MONTHLY PAYMENT OF CHILD TAX CREDIT.—  
21 Section 7527A is amended to read as follows:

22 **“SEC. 7527A. MONTHLY PAYMENTS OF CHILD TAX CREDIT.**

23 “(a) IN GENERAL.—The Secretary shall pay to each  
24 taxpayer, during each calendar month which is during a  
25 period of presumptive eligibility with respect to the tax-

1 payer and any child, an amount equal to the monthly ad-  
2 vance child payment determined with respect to such tax-  
3 payer for such month.

4 “(b) MONTHLY ADVANCE CHILD PAYMENT.—The  
5 term ‘monthly advance child payment’ means, with respect  
6 to any taxpayer for any calendar month, the amount (if  
7 any) which is estimated by the Secretary as being equal  
8 to the monthly specified child allowance which would be  
9 determined under section 24A(b) with respect to such tax-  
10 payer for such calendar month if—

11 “(1) the only specified children of such taxpayer  
12 for such calendar month are the specified children of  
13 such taxpayer for the reference month (determined  
14 without regard to section 24A(c)(7)),

15 “(2) the ages of such children (and the status  
16 of such children as specified children) are deter-  
17 mined for such calendar month by taking into ac-  
18 count the passage of time since such reference  
19 month,

20 “(3) each child is only taken into account as a  
21 specified child for such calendar month if such cal-  
22 endar month is during a period of presumptive eligi-  
23 bility with respect to the taxpayer and such child,

24 “(4) the limitations of section 24A(b)(2) were  
25 applied with respect to the reference taxable year

1       rather than with respect to the applicable taxable  
2       year, and

3           “(5) no monthly specified child allowance were  
4       determined with respect to such taxpayer for such  
5       calendar month unless the taxpayer (in the case of  
6       a joint return, either spouse) has a principal place  
7       of abode (determined as provided in section 32) in  
8       the United States or Puerto Rico for more than one-  
9       half of the reference month.

10       “(c) PERIOD OF PRESUMPTIVE ELIGIBILITY.—

11           “(1) IN GENERAL.—For purposes of this sec-  
12       tion, the term ‘period of presumptive eligibility’  
13       means, with respect to any taxpayer and any child,  
14       the period—

15           “(A) beginning with the calendar month  
16       following the calendar month during which the  
17       taxpayer provides the Secretary with sufficient  
18       information for the Secretary to—

19           “(i) determine that such child was a  
20       specified child of the taxpayer for the ref-  
21       erence month (determined without regard  
22       to section 24A(c)(7)), and

23           “(ii) estimate the monthly advance  
24       child payment for such calendar month,  
25       and



1 “(B) ending with the earliest of—

2 “(i) the month beginning immediately  
3 after the month on which the Secretary  
4 sends the taxpayer a written notice that  
5 the taxpayer’s period of presumptive eligi-  
6 bility with respect to such child is being  
7 terminated by reason of information known  
8 to the Secretary (including a failure to pro-  
9 vide annual information under paragraph  
10 (2)) which casts doubt on such taxpayer’s  
11 status as being allowed the monthly speci-  
12 fied child allowance under section 24A for  
13 such child (determined without regard to  
14 section 24A(c)(7)) with respect to one or  
15 more months following the reference  
16 month,

17 “(ii) any month with respect to which  
18 the taxpayer notifies the Secretary that  
19 such taxpayer is not allowed a monthly  
20 specified child allowance for such month  
21 under section 24A(b) (determined without  
22 regard to section 24A(c)(7)), and

23 “(iii) the month beginning imme-  
24 diately before the first month of a new pe-  
25 riod of presumptive eligibility with respect

1 to such taxpayer and such child which is  
2 established on the basis of a reference  
3 month more recent than the reference  
4 month with respect to which such prior pe-  
5 riod was established (including on the basis  
6 of an annual renewal described in para-  
7 graph (2)).

8 “(2) ANNUAL RENEWAL.—The Secretary shall  
9 terminate a taxpayer’s period of presumptive eligi-  
10 bility with respect to any child under paragraph  
11 (1)(B)(i) unless such taxpayer provides information  
12 sufficient to establish a new period of presumptive  
13 eligibility with respect to such child (as described in  
14 paragraph (1)(B)(ii)) on an annual basis.

15 “(3) AUTOMATIC ELIGIBILITY FOR BIRTH OF  
16 CHILD.—The Secretary shall issue regulations or  
17 other guidance to establish procedures pursuant to  
18 which, to the maximum extent administratively prac-  
19 ticable—

20 “(A) a parent of a child born during a cal-  
21 endar month shall be treated as automatically  
22 establishing a period of presumptive eligibility  
23 with respect to such child,

24 “(B) the month for which such period be-  
25 gins, and the month by which the first annual

1 renewal described in paragraph (2) must be  
2 completed, are determined, and

3 “(C) if the first monthly advance child  
4 payment with respect to such child is made  
5 after the calendar month in which such child is  
6 born, such payment is increased to properly  
7 take into account the months in such period of  
8 presumptive eligibility which precede the month  
9 in which such payment is made.

10 “(4) PRESUMPTIVE ELIGIBILITY BASED ON  
11 CERTAIN GOVERNMENT PROGRAMS.—The Secretary  
12 shall issue regulations or other guidance to establish  
13 procedures under which—

14 “(A) based on information provided to the  
15 Secretary by one or more government entities,  
16 a parent or specified relative of a child is treat-  
17 ed as automatically establishing a period of pre-  
18 sumptive eligibility with respect to such child,  
19 and

20 “(B) the month for which such period be-  
21 gins, the month by which the first annual re-  
22 newal described in paragraph (2) must be com-  
23 pleted, and any additional circumstances under  
24 which such period will terminate, are deter-  
25 mined.

1           “(5) TAXPAYER RESPONSIBILITY TO NOTIFY  
2       SECRETARY.—In the event that any taxpayer is not  
3       allowed a monthly specified child allowance under  
4       section 24A(b) (determined without regard to sec-  
5       tion 24A(c)(7)) for any month in a period of pre-  
6       sumptive eligibility with respect to such taxpayer,  
7       such taxpayer shall notify the Secretary under para-  
8       graph (1)(B)(ii) at such time and in such manner as  
9       the Secretary may provide.

10          “(6) TRANSITION RULE.—With respect periods  
11       of presumptive eligibility beginning during the first  
12       6 months to which this section applies, the Secretary  
13       shall issue regulations or other guidance to establish  
14       procedures pursuant to which—

15               “(A) based on information known to the  
16       Secretary including returns of tax for either of  
17       the last 2 taxable years ending before such  
18       month, a parent or specified relative of a child  
19       is treated as automatically establishing a period  
20       of presumptive eligibility with respect to such  
21       child, and

22               “(B) the month for which such period be-  
23       gins, the month by which the first annual re-  
24       newal described in paragraph (2) must be com-  
25       pleted, and any additional circumstances under

1           which such period will terminate, are deter-  
2           mined.

3           “(d) DETERMINATION OF REFERENCE MONTH AND  
4 REFERENCE TAXABLE YEAR.—For purposes of this sec-  
5 tion—

6           “(1) REFERENCE MONTH.—The term ‘reference  
7 month’ means, with respect to any calendar month  
8 in a period of presumptive eligibility with respect to  
9 a taxpayer, the most recent of—

10           “(A) in the case of a taxpayer who filed a  
11 return of tax for the last taxable year ending  
12 before such calendar month, the last month of  
13 such taxable year,

14           “(B) in the case of a taxpayer who filed a  
15 return of tax for the taxable year preceding the  
16 taxable year described in subparagraph (A), the  
17 last month of such preceding taxable year, and

18           “(C) in the case of a taxpayer who other-  
19 wise provides the information referred to in  
20 subsection (c)(1)(A), the month with respect to  
21 which such information is provided.

22           “(2) REFERENCE TAXABLE YEAR.—The term  
23 ‘reference taxable year’ means, with respect to any  
24 calendar month in a period of presumptive eligibility  
25 with respect to a taxpayer—

1           “(A) if the reference month with respect to  
2           such calendar month is determined under sub-  
3           paragraph (A) or (B) of paragraph (1), the tax-  
4           able year referred to in such subparagraph, re-  
5           spectively, and

6           “(B) if the reference month with respect to  
7           such calendar month is determined under sub-  
8           paragraph (1)(C), the last taxable year ending  
9           before such reference month.

10       “(e) METHODS OF PROVIDING INFORMATION TO ES-  
11       TABLISH A PERIOD OF PRESUMPTIVE ELIGIBILITY.—

12           “(1) IN GENERAL.—The Secretary shall ensure  
13       the information described in subsection (c)(1)(A)  
14       may be provided on the return of tax for the taxable  
15       year ending before the calendar year which includes  
16       the month for which such period would begin,  
17       through the on-line portal described in paragraph  
18       (2), or in such other manner as the Secretary may  
19       provide.

20           “(2) ON-LINE INFORMATION PORTAL.—The  
21       Secretary shall establish an on-line portal (available  
22       in multiple languages) which allows taxpayers to—

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

1                   “(B) provide the information described in  
2                   subsection (c)(1)(A).

3           “(f) RESOLUTION OF COMPETING CLAIMS OF PRE-  
4 SUMPTIVE ELIGIBILITY WITH RESPECT TO SAME  
5 CHILD.—

6           “(1) IN GENERAL.—If there is a period of pre-  
7 sumptive eligibility with respect to any taxpayer and  
8 child (hereafter referred to as the ‘original claim’),  
9 a period of presumptive eligibility would (without re-  
10 gard to this subsection) be established with respect  
11 another taxpayer and such child (hereafter referred  
12 to as the ‘challenge claim’), and the period of such  
13 challenge claim would overlap with the period of  
14 such original claim—

15           “(A) such challenge claim shall not be  
16 taken into account under this section unless the  
17 reference month with respect to which the chal-  
18 lenge claim would be established is at least as  
19 recent as the reference month with respect to  
20 which the original claim is established,

21           “(B) such challenge claim shall not begin  
22 before the original claim is terminated, and

23           “(C) the Secretary shall establish proce-  
24 dures under which the Secretary expeditiously

1 adjudicates such claims on the basis of the  
2 most recent feasible reference month.

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

5 “(A) CHALLENGE CLAIM MUST RELATE TO  
6 AT LEAST 3 MONTHS PROSPECTIVELY.—The  
7 procedures established under paragraph (1)(C)  
8 shall require that the taxpayer establishing the  
9 challenge claim express a reasonable expectation  
10 and intent that such taxpayer would be allowed  
11 a monthly specified child allowance under sec-  
12 tion 24A(b) (determined without regard to sec-  
13 tion 24A(c)(7)) for at least the first 2 months  
14 following the reference month referred to in  
15 paragraph (1)(C).

16 “(B) EXPEDITED PROCESS; APPEALS.—  
17 The procedures established under paragraph  
18 (1)(C) shall include—

19 “(i) an expedited process for tax-  
20 payers who meet such requirements as the  
21 Secretary may establish for such expedited  
22 process, and

23 “(ii) procedures for adjudicating an  
24 appeal of an adverse decision.



1           “(C) INFORMATION RECEIPT AND COORDI-  
2           NATION.—For purposes of obtaining informa-  
3           tion relevant to any adjudication under this  
4           paragraph, the Secretary may enter into agree-  
5           ments to receive information from, and other-  
6           wise coordinate with—

7                   “(i) Federal agencies (including the  
8                   Social Security Administration and the De-  
9                   partment of Agriculture),

10                   “(ii) any State, local government,  
11                   Tribal government, or possession of the  
12                   United States, and

13                   “(iii) any other individual or entity  
14                   that the Secretary determines to be appro-  
15                   priate for such purposes.

16           “(D) ADJUDICATION NOT TREATED AS AS-  
17           SESSMENT.—Any adjudication under this para-  
18           graph shall not be treated as an assessment de-  
19           scribed in section 6201.

20           “(E) ADJUDICATION NOT TREATED AS IN-  
21           SPECTION OF TAXPAYER’S BOOKS OF AC-  
22           COUNT.—The inspection of a taxpayer’s books  
23           of account in connection with any adjudication  
24           under this paragraph shall not be treated as an

1 examination or inspection of a taxpayer's books  
2 of account for purposes of section 7605(b).

3 “(3) RETROACTIVE PAYMENTS RELATED TO AD-  
4 JUDICATION.—

5 “(A) DELAY IN ESTABLISHMENT OF CHAL-  
6 LENGE CLAIM.—If the challenge claim is estab-  
7 lished pursuant to the procedures established  
8 under paragraph (1)(C), the Secretary shall  
9 make a one-time payment to the taxpayer with  
10 respect to such claim equal to the aggregate  
11 amount of increases in the monthly advance  
12 child payments which would have been made to  
13 such taxpayer if such challenge claim had been  
14 allowed to take effect without regard to this  
15 subsection. Any payment under this subpara-  
16 graph shall be in addition to any payment made  
17 under subsection (g).

18 “(B) TERMINATION AND REINSTATEMENT  
19 OF ORIGINAL CLAIM.—If, pursuant to the pro-  
20 cedures established under paragraph (1)(C), the  
21 original claim is terminated under subsection  
22 (c)(1)(B)(i) and a new period of presumptive  
23 eligibility is subsequently established pursuant  
24 to such procedures with respect the same tax-  
25 payer and child as for such original claim, the

1 Secretary shall make a one-time payment to the  
2 taxpayer with respect to such claim equal to the  
3 aggregate amount of increases in the monthly  
4 advance child payments which would have been  
5 made to such taxpayer if such original claim  
6 had never been terminated.

7 “(g) RULES RELATED TO GRACE PERIODS AND  
8 HARDSHIPS.—

9 “(1) AUTOMATIC GRACE PERIOD.—

10 “(A) IN GENERAL.—If a taxpayer estab-  
11 lishes a period of presumptive eligibility with re-  
12 spect to any child, elects the application of this  
13 paragraph, and demonstrates to the satisfaction  
14 of the Secretary that such taxpayer would be al-  
15 lowed a monthly specified child allowance under  
16 section 24A(b) (determined without regard to  
17 section 24A(c)(7)) for one or more of the 3  
18 months immediately preceding the first month  
19 of such period, the Secretary shall make a one-  
20 time payment to the taxpayer equal to the ag-  
21 gregate amount of increases in the monthly ad-  
22 vance child payments which would have been  
23 made to such taxpayer if such months were  
24 part of such period. The preceding sentence  
25 shall not apply to the extent that the Secretary

1 determines that the failure to establish the pe-  
2 riod of presumptive eligibility with respect to  
3 such child for any such month was due to fraud  
4 or reckless or intentional disregard of rules and  
5 regulations.

6 “(B) LIMITATION.—Subparagraph (A)  
7 shall not apply with respect to any taxpayer  
8 more than once during any 36-month period.

9 “(2) HARDSHIP.—If a taxpayer establishes a  
10 period of presumptive eligibility with respect to any  
11 child, elects the application of this paragraph (and  
12 does not elect the application of paragraph (1) with  
13 respect to the establishment of such period), dem-  
14 onstrates to the satisfaction of the Secretary that  
15 such taxpayer would be allowed a monthly specified  
16 child allowance under section 24A(b) (determined  
17 without regard to section 24A(c)(7)) for one or more  
18 of the 6 months immediately preceding the first  
19 month of such period, and the Secretary determines  
20 that the failure to establish the period of presump-  
21 tive eligibility with respect to such child for such  
22 months was due to domestic violence, serious illness,  
23 natural disaster, or any other hardship, the Sec-  
24 retary shall make a one-time payment to the tax-  
25 payer equal to the aggregate amount of increases in

1 the monthly advance child payments which would  
2 have been made to such taxpayer if such months  
3 were part of such period.

4 “(3) COORDINATION WITH RETROACTIVE PAY-  
5 MENT FOR DELAY IN ESTABLISHMENT OF CHAL-  
6 LENGE CLAIM.—For purposes of applying paragraph  
7 (1) or (2) with respect to any challenge claim to  
8 which subsection (f)(3)(A) applies, the period of pre-  
9 sumptive eligibility shall be treated as including the  
10 period for which payment is made under such sub-  
11 section.

12 “(h) PROVISIONS RELATED TO FORM, MANNER, AND  
13 TREATMENT OF PAYMENTS.—

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

20 “(2) DELIVERY OF PAYMENTS.—Notwith-  
21 standing any other provision of law, the Secretary  
22 may certify and disburse refunds payable under this  
23 section electronically to—

24 “(A) any account to which the payee au-  
25 thorized, on or after January 1, 2024, the deliv-

1           ery of a refund of taxes under this title or of  
2           a Federal payment (as defined in section 3332  
3           of title 31, United States Code),

4                 “(B) any account belonging to a payee  
5           from which that individual, on or after January  
6           1, 2024, made a payment of taxes under this  
7           title, or

8                 “(C) any Treasury-sponsored account (as  
9           defined in section 208.2 of title 31, Code of  
10          Federal Regulations).

11          “(3) WAIVER OF CERTAIN RULES.—Notwith-  
12       standing section 3325 of title 31, United States  
13       Code, or any other provision of law, with respect to  
14       any payment of a refund under this section, a dis-  
15       bursing official in the executive branch of the United  
16       States Government may modify payment information  
17       received from an officer or employee described in  
18       section 3325(a)(1)(B) of such title for the purpose  
19       of facilitating the accurate and efficient delivery of  
20       such payment. Except in cases of fraud or reckless  
21       neglect, no liability under sections 3325, 3527,  
22       3528, or 3529 of title 31, United States Code, shall  
23       be imposed with respect to payments made under  
24       this paragraph.

1           “(4) EXCEPTION FROM REDUCTION OR OFF-  
2       SET.—Any applicable payment (as defined in para-  
3       graph (5)(E)(iii)) shall not be—

4           “(A) subject to reduction or offset pursu-  
5       ant to section 3716 or 3720A of title 31,  
6       United States Code,

7           “(B) subject to reduction or offset pursu-  
8       ant to subsection (c), (d), (e), or (f) of section  
9       6402, or

10          “(C) reduced or offset by other assessed  
11       Federal taxes that would otherwise be subject  
12       to levy or collection.

13          “(5) ASSIGNMENT OF BENEFITS.—

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

21          “(B) ENCODING OF PAYMENTS.—In the  
22       case of an applicable payment described in sub-  
23       paragraph (E)(iii)(I) that is paid electronically  
24       by direct deposit through the Automated Clear-

1           ing House (ACH) network, the Secretary of the  
2           Treasury (or the Secretary’s delegate) shall—

3                   “(i) issue the payment using a unique  
4                   identifier that is reasonably sufficient to  
5                   allow a financial institution to identify the  
6                   payment as an applicable payment, and

7                   “(ii) further encode the payment pur-  
8                   suant to the same specifications as re-  
9                   quired for a benefit payment defined in  
10                  section 212.3 of title 31, Code of Federal  
11                  Regulations.

12               “(C) GARNISHMENT.—

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

21                   “(I) notwithstanding section  
22                   212.4 of title 31, Code of Federal  
23                   Regulations (and except as provided  
24                   in subclause (II)), a financial institu-  
25                   tion shall not fail to follow the proce-



1           dures of sections 212.5 and 212.6 of  
2           such title with respect to a garnish-  
3           ment order merely because such order  
4           has attached, or includes, a notice of  
5           right to garnish Federal benefits  
6           issued by a State child support en-  
7           forcement agency, and

8                     “(II) a financial institution shall  
9           not, with regard to any applicable  
10          payment, be required to provide the  
11          notice referenced in sections 212.6  
12          and 212.7 of title 31, Code of Federal  
13          Regulations.

14                    “(ii) OTHER PAYMENTS.—In the case  
15          of a garnishment order (other than an  
16          order that has been served by the United  
17          States) that has been received by a finan-  
18          cial institution and that applies to an ac-  
19          count into which an applicable payment  
20          that has not been encoded as provided in  
21          subparagraph (B) has been deposited elec-  
22          tronically on any date during the lookback  
23          period or into which an applicable payment  
24          that has been deposited by check on any  
25          date in the lookback period, the financial

1 institution, upon the request of the account  
2 holder, shall treat the amount of the funds  
3 in the account at the time of the request,  
4 up to the amount of the applicable pay-  
5 ment (in addition to any amounts other-  
6 wise protected under part 212 of title 31,  
7 Code of Federal Regulations), as exempt  
8 from a garnishment order without requir-  
9 ing the consent of the party serving the  
10 garnishment order or the judgment cred-  
11 itor.

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

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

1                   “(E) DEFINITIONS.—For purposes of this  
2 paragraph—

3                   “(i) ACCOUNT HOLDER.—The term  
4 ‘account holder’ means a natural person  
5 whose name appears in a financial institu-  
6 tion’s records as the direct or beneficial  
7 owner of an account.

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

20                   “(iii) APPLICABLE PAYMENT.—The  
21 term ‘applicable payment’ means—

22                   “(I) any payment made to an in-  
23 dividual under this section (other than  
24 any payment made pursuant to para-  
25 graph (6)),

1                   “(II) any advance payment made  
2                   by a possession of the United States  
3                   with a mirror code tax system (as de-  
4                   fined in section 24(h)) pursuant to an  
5                   election under paragraph (6)(B)  
6                   which corresponds to a payment de-  
7                   scribed in subclause (I), and

8                   “(III) any advance payment  
9                   made by American Samoa pursuant to  
10                  a program for making such payments  
11                  which is described in paragraph  
12                  (6)(C)(ii).

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

16               “(v) GARNISHMENT ORDER.—The  
17               term ‘garnishment order’ means a writ,  
18               order, notice, summons, judgment, levy, or  
19               similar written instruction issued by a  
20               court, a State or State agency, a munici-  
21               pality or municipal corporation, or a State  
22               child support enforcement agency, includ-  
23               ing a lien arising by operation of law for  
24               overdue child support or an order to freeze

1 the assets in an account, to effect a gar-  
2 nishment against a debtor.

3 “(vi) LOOKBACK PERIOD.—The term  
4 ‘lookback period’ means the two-month pe-  
5 riod that begins on the date preceding the  
6 date of account review and ends on the  
7 corresponding date of the month two  
8 months earlier, or on the last date of the  
9 month two months earlier if the cor-  
10 responding date does not exist.

11 “(6) APPLICATION OF ADVANCE PAYMENTS IN  
12 THE POSSESSIONS OF THE UNITED STATES.—

13 “(A) PUERTO RICO.—

14 “(i) For application of child tax credit  
15 to residents of Puerto Rico, see section  
16 24A(d).

17 “(ii) For application of monthly ad-  
18 vance child payments to residents of Puer-  
19 to Rico, see subsection (b)(4).

20 “(B) MIRROR CODE POSSESSIONS.—In the  
21 case of any possession of the United States with  
22 a mirror code tax system (as defined in section  
23 24A(h)(1)(C)), this section shall not be treated  
24 as part of the income tax laws of the United  
25 States for purposes of determining the income

1 tax law of such possession unless such posses-  
2 sion elects to have this section be so treated.

3 “(C) ADMINISTRATIVE EXPENSES OF AD-  
4 VANCE PAYMENTS.—

5 “(i) MIRROR CODE POSSESSIONS.—In  
6 the case of any possession described in  
7 subparagraph (B) which makes the elec-  
8 tion described in such subparagraph, the  
9 amount otherwise paid by the Secretary to  
10 such possession under section  
11 24A(h)(1)(A) with respect to taxable years  
12 beginning in 2025, 2026, and 2027 shall  
13 each be increased by \$300,000 if such pos-  
14 session has a plan, which has been ap-  
15 proved by the Secretary, for making  
16 monthly advance child payments consistent  
17 with such election.

18 “(ii) AMERICAN SAMOA.— The  
19 amount otherwise paid by the Secretary to  
20 American Samoa under subparagraph (A)  
21 of section 24A(h)(3) with respect to tax-  
22 able years beginning in 2024, 2025, and  
23 2026 shall each be increased by \$300,000  
24 if the plan described in subparagraph (B)  
25 of such section includes a program, which

1 has been approved by the Secretary, for  
2 making monthly advance child payments  
3 under rules similar to the rules of this sec-  
4 tion.

5 “(iii) TIMING OF PAYMENT.—The  
6 Secretary may pay, upon the request of the  
7 possession of the United States to which  
8 the payment is to be made, the amount of  
9 the increase determined under clause (i) or  
10 (ii), respectively, immediately upon ap-  
11 proval of the plan with respect to which  
12 such payment relates.

13 “(i) APPLICATION OF CERTAIN DEFINITIONS AND  
14 RULES APPLICABLE TO CHILD TAX CREDIT.—

15 “(1) DEFINITIONS.—Except as otherwise pro-  
16 vided in this section, terms used in this section  
17 which are also used in section 24A shall have the  
18 same respective meanings as when used in section  
19 24A.

20 “(2) TREATMENT OF CERTAIN DEATHS.—A  
21 child shall not be taken into account in determining  
22 the monthly advance child payment for any calendar  
23 month if the death of such child before the end of  
24 such month is known to the Secretary as of date on  
25 which the Secretary estimates such payment.

1           “(3) IDENTIFICATION REQUIREMENTS.—Rules  
2           similar to the rules which apply under section  
3           24A(e) shall apply for purposes of this section ex-  
4           cept that such rules shall apply with respect to the  
5           return of tax for the reference taxable year or, in the  
6           case of information provided through the on-line  
7           portal or otherwise, with respect to the information  
8           so provided.

9           “(4) RESTRICTIONS ON TAXPAYERS WHO IM-  
10          PROPERLY CLAIMED CREDIT OR RECEIVED MONTHLY  
11          ADVANCE CHILD PAYMENTS.—For restrictions on  
12          taxpayers who improperly claimed credit or received  
13          monthly advance child payments, see section 24A(f).

14          “(j) NOTICE OF PAYMENTS.—

15               “(1) IN GENERAL.—Not later than January 31  
16               of the calendar year following any calendar year dur-  
17               ing which the Secretary makes one or more pay-  
18               ments to any taxpayer under this section, the Sec-  
19               retary shall provide such taxpayer with a written no-  
20               tice which includes—

21                       “(A) the taxpayer’s taxpayer identity (as  
22                       defined in section 6103(b)(6)),

23                       “(B) the aggregate amount of such pay-  
24                       ments made to such taxpayer during such cal-  
25                       endar year, and



1                   “(C) such other information as the Sec-  
2                   retary determines appropriate.

3                   “(2) CERTAIN PAYMENTS SUBJECT TO TREAT-  
4                   MENT AS EXCESS ADVANCE PAYMENTS.—In the case  
5                   of any payments made to a taxpayer which the Sec-  
6                   retary has determined are subject to treatment as  
7                   excess advance payments, the notice provided under  
8                   paragraph (1) to such taxpayer shall include the  
9                   amount of such payments.

10                  “(k) NOTIFICATION OF CERTAIN EVENTS.—With re-  
11                  spect to any taxpayer receiving monthly advance child pay-  
12                  ments under this section with respect to any specified  
13                  child, the Secretary shall, to the maximum extent prac-  
14                  ticable, provide reasonable advance notice of each of the  
15                  following:

16                  “(1) Any month with respect to which such  
17                  monthly advance child payment will increase (rel-  
18                  ative to the preceding month) by reason of an infla-  
19                  tion adjustment under section 24A(b)(3)(A).

20                  “(2) Any month with respect to which such  
21                  monthly advance child payment will be reduced (rel-  
22                  ative to the preceding month) by reason of such  
23                  child ceasing to be a specified child by reason of at-  
24                  taining age 18.

1           “(3) In the case of a taxpayer with a specified  
2           child described in section 24A(b)(1)(A), any month  
3           with respect to which such monthly advance child  
4           payment will be reduced by reason of such child at-  
5           taining age 6.

6           “(4) Such other events as the Secretary deter-  
7           mines appropriate.

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

12          (c) TERMINATION OF ANNUAL CHILD TAX CRED-  
13          IT.—Section 24 is amended by adding at the end the fol-  
14          lowing new subsection:

15          “(1) TERMINATION.—This section shall not apply to  
16          (and no payment shall be made under subsection (k) with  
17          respect to) any taxable year beginning after December 31,  
18          2024.”.

19          (d) DISCLOSURE OF INFORMATION RELATING TO AD-  
20          VANCE PAYMENT OF CHILD TAX CREDIT.—Section  
21          6103(e) is amended by adding at the end the following  
22          new paragraph:

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

1           “(A) JOINT FILERS.—In the case of any  
2 individual who is eligible for monthly advance  
3 child payments under section 7527A, if the ref-  
4 erence taxable year (as defined in section  
5 7527A(d)(2)) that the Secretary uses to cal-  
6 culate such payments is a year for which the in-  
7 dividual filed an income tax return jointly with  
8 another individual, the Secretary may disclose  
9 to such individual any information which is rel-  
10 evant in determining the monthly advance child  
11 payment under section 7527A, and the individ-  
12 ual’s eligibility for such payment, including in-  
13 formation regarding any of the following:

14                   “(i) The number of specified children,  
15 including by reason of the birth of a child.

16                   “(ii) The name and TIN of specified  
17 children.

18                   “(iii) Marital status.

19                   “(iv) Modified adjusted gross income.

20                   “(v) Principal place of abode.

21                   “(vi) Such other information as the  
22 Secretary may provide.

23           “(B) COMPETING CLAIMANTS.—In the case  
24 of any adjudication under section 7527A(f), the  
25 Secretary may disclose return information pro-

1           vided by the individual with the original claim  
2           to the individual with the challenge claim, re-  
3           turn information provided by the individual  
4           with the challenge claim to the individual with  
5           the original claim, and any other information  
6           considered by the Secretary in such adjudica-  
7           tion to either or both such individuals. Such in-  
8           formation shall be limited to the items specified  
9           in subparagraph (A) and the following:

10                   “(i) Information received under any  
11                   agreements or coordination the Secretary  
12                   entered into with—

13                           “(I) any State, local government,  
14                           Tribal government, or possession of  
15                           the United States, or

16                           “(II) any other individual or enti-  
17                           ty that the Secretary determines to be  
18                           appropriate for purposes of adjudi-  
19                           cating claims under section 7527A(f).

20                   “(ii) Information considered by the  
21                   Secretary about where and with whom the  
22                   specified child resided.

23                   “(iii) Information considered by the  
24                   Secretary about expenditures made by the

1 claimants to the extent such payments re-  
2 late to the original or challenge claim.”.

3 (e) CONFORMING AMENDMENTS.—

4 (1) Section 26(b)(2) is amended by striking  
5 “and” at the end of subparagraph (Y), by striking  
6 the period at the end of subparagraph (Z) and in-  
7 serting “, and”, and by adding at the end the fol-  
8 lowing new subparagraph:

9 “(AA) section 24A(g)(2) (relating to in-  
10 crease in tax equal to excess advance payments  
11 in certain circumstances).”.

12 (2) Section 152(f)(6)(B)(ii) is amended to read  
13 as follows:

14 “(ii) the credits under sections 24,  
15 24A, and 24B and the payments under  
16 sections 7527A,”.

17 (3) Section 3402(f)(1)(C) is amended by insert-  
18 ing “or section 24A (determined after application of  
19 subsection (g) thereof)” after “section 24 (deter-  
20 mined after application of subsection (j) thereof)”.

21 (4) Section 6103(l)(13)(A)(v) is amended by in-  
22 serting “or section 24A, as the case may be” after  
23 “section 24”.

24 (5) Section 6211(b)(4)(A) is amended by insert-  
25 ing “24A by reason of subsection (d) thereof,” after

1 “24 by reason of subsections (d) and (i)(1) there-  
2 of,”.

3 (6) Section 6213(g)(2)(I) is amended by insert-  
4 ing “or section 24A(e) (relating to monthly child tax  
5 credit)” after “section 24(e) (relating to child tax  
6 credit)”.

7 (7) Section 6213(g)(2)(L) is amended by insert-  
8 ing “24A,” after “24,”.

9 (8) Section 6213(g)(2)(P) is amended—

10 (A) by inserting “or 24A(f)(2)” after “sec-  
11 tion 24(g)(2)”,

12 (B) by inserting “or 24A” after “under  
13 section 24”, and

14 (C) by striking “subsection (g)(1) thereof”  
15 and inserting “section 24(g)(1) or section  
16 24A(f)(1), respectively”.

17 (9) Section 6695(g)(2) is amended by inserting  
18 “24A,” after “24,”.

19 (10) Paragraph (2) of section 1324(b) of title  
20 31, United States Code, is amended by inserting  
21 “24A,” after “24,”.

22 (11) The table of sections for subpart A of part  
23 IV of subchapter A of chapter 1 is amended by in-  
24 serting after the item relating to section 24 the fol-  
25 lowing new items:

“Sec. 24A. Monthly child tax credit.

“Sec. 24B. Credit for certain other dependents.”.

1           (12) The table of sections for chapter 77 is  
2           amended by striking the item relating to section  
3           7527A and inserting the following new item:

“Sec. 7527A. Monthly payments of child tax credit.”.

4           (f) EFFECTIVE DATES.—

5           (1) IN GENERAL.—Except as otherwise pro-  
6           vided in this subsection, the amendments made by  
7           this section shall apply to taxable years beginning  
8           after December 31, 2024.

9           (2) MONTHLY ADVANCE CHILD PAYMENTS.—

10          The amendments made by subsection (b) shall apply  
11          to—

12                (A) calendar months beginning after the  
13                date of the enactment of this Act, and

14                (B) in the case of section 7527A(g) of the  
15                Internal Revenue Code of 1986 (relating to  
16                grace periods and hardships), calendar months  
17                beginning after December 31, 2024.

18           (3) INFORMATION DISCLOSURE.—The amend-  
19          ment made by subsection (d) shall take effect on the  
20          date of the enactment of this Act.

