

119TH CONGRESS
1ST SESSION

H. R. 463

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

IN THE HOUSE OF REPRESENTATIVES

JANUARY 15, 2025

Mrs. SYKES introduced the following bill; which was referred to the Committee on Ways and Means

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; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Lower Your Taxes Act”.

6 (b) TABLE OF CONTENTS.—The table of contents of
7 this Act is as follows:

Sec. 1. Short title; table of contents.

Sec. 2. Sense of Congress.

Sec. 3. Expansion of earned income tax credit.

Sec. 4. Payments to taxpayers determined by treating State non-refundable earned income tax credits as refundable.

Sec. 5. Establishment of refundable child tax credit with monthly advance payment.

Sec. 6. Capital gains rates not applicable to certain high income taxpayers.

Sec. 7. Increase in rates of certain corporate taxes.

1 SEC. 2. SENSE OF CONGRESS.

2 It is the sense of Congress that the net revenue de-
3 rived from this Act should be used to reduce the national
4 deficit, to the extent thereof, and thereafter to reduce the
5 national debt.

6 SEC. 3. EXPANSION OF EARNED INCOME TAX CREDIT.

7 (a) CREDIT PERCENTAGE.—The table contained in
8 section 32(b)(1) of the Internal Revenue Code of 1986 is
9 amended—

- 10 (1) by striking “34” and inserting “68”,
- 11 (2) by striking “40” and inserting “80”,
- 12 (3) by striking “45” and inserting “90”, and
- 13 (4) by striking “7.65” in the column with the
14 heading “The credit percentage is:” and inserting
15 “35”.

16 (b) PHASEOUT PERCENTAGE.—The table contained
17 in section 32(b)(1) of such Code is amended—

- 18 (1) by striking “15.98” and inserting “7”,
- 19 (2) by striking “21.06” both places it appears
20 and inserting “10”, and
- 21 (3) by striking “7.65” in the column with the
22 heading “The phaseout percentage is:” and inserting
23 “7”.

1 (c) EARNED INCOME AMOUNT.—The table contained
 2 in section 32(b)(2)(A) of such Code is amended—

3 (1) by striking “\$6,330” and inserting
 4 “\$19,000”,

5 (2) by striking “\$8,890” and inserting
 6 “\$27,000”, and

7 (3) by striking “\$4,220” and inserting
 8 “\$15,000”.

9 (d) PHASEOUT AMOUNT.—

10 (1) IN GENERAL.—The table contained in sec-
 11 tion 32(b)(2)(A) of such Code is amended—

12 (A) by striking “\$11,610” both places it
 13 appears and inserting “\$30,000”, and

14 (B) by striking “\$5,280” and inserting
 15 “\$15,000”.

16 (2) JOINT RETURNS.—Section 32(b)(2)(B) of
 17 such Code is amended by striking “determined
 18 under subparagraph (A) shall be increased by
 19 \$5,000” and inserting “twice the amount deter-
 20 mined under subparagraph (A)”.

21 (3) INFLATION ADJUSTMENT.—Section 32(j) of
 22 such Code is amended to read as follows:

23 “(j) INFLATION ADJUSTMENTS.—

24 “(1) EARNED INCOME AND PHASEOUT
 25 AMOUNTS.—

“(A) IN GENERAL.—In the case of any taxable year beginning after 2026, each of the dollar amounts in subsection (b)(2)(A) shall be increased by an amount equal to—

“(i) such dollar amount, multiplied by

“(ii) the GDP adjustment determined under subparagraph (B) for the calendar year in which the taxable year begins.

“(B) GDP ADJUSTMENT.—For purposes of this paragraph, the term ‘GDP adjustment’ for any calendar year is the percentage (if any) by which—

“(i) the per capita nominal gross domestic product for the preceding calendar year (as determined by the Secretary), exceeds

“(ii) the per capita nominal gross domestic product for calendar year 2025 (as determined by the Secretary).

“(C) ROUNDING.—If any dollar amount in subsection (b)(2)(A), after any increase under subparagraph (A), is not a multiple of \$10, such dollar amount shall be rounded to the nearest multiple of \$10.

“(2) EXCESSIVE INVESTMENT INCOME.—

1 “(A) IN GENERAL.—In the case of any
 2 taxable year beginning after 2021, the dollar
 3 amount in subsection (i)(1) shall be increased
 4 by an amount equal to—

5 “(i) such dollar amount, multiplied by

6 “(ii) the cost-of-living adjustment de-
 7 termined under section 1(f)(3) for the cal-
 8 endar year in which the taxable year be-
 9 gins, determined by substituting ‘calendar
 10 year 2020’ for ‘calendar year 2016’ in sub-
 11 paragraph (A)(ii) thereof.

12 “(B) ROUNDING.—If the dollar amount in
 13 subsection (i)(1), after any increase under sub-
 14 paragraph (A), is not a multiple of \$50, such
 15 dollar amount shall be rounded to the next low-
 16 est multiple of \$50.”.

17 (e) AGE LIMITATIONS.—Section 32(c)(1)(A)(ii)(II) of
 18 such Code is amended by striking “has attained age 25
 19 but not attained age 65” and inserting “has attained age
 20 18”.

21 (f) NOTIFICATION OF TAXPAYERS BY TREASURY OF
 22 POTENTIAL ELIGIBILITY FOR THE EARNED INCOME TAX
 23 CREDIT.—

24 (1) IN GENERAL.—With respect to taxable
 25 years beginning in calendar years after 2025, the

1 Secretary shall establish a program to notify (wheth-
2 er by electronic means or otherwise) specified indi-
3 viduals that such individuals may be eligible for the
4 earned income tax credit.

5 (2) SPECIFIED INDIVIDUAL.—For purposes of
6 this subsection, the term “specified individual”
7 means any individual who—

8 (A) based on information available to the
9 Secretary related to the taxable year or the pre-
10 ceding taxable year, the Secretary determines is
11 likely to be eligible for the earned income tax
12 credit, and

13 (B) either—

14 (i) filed a return of tax for such tax-
15 able year and did not claim the earned in-
16 come tax credit, or

17 (ii) did not (as of such determination)
18 file a return of tax for such taxable year.

19 (3) SECRETARY.—For purposes of this sub-
20 section, the term “Secretary” means the Secretary
21 of the Treasury or the Secretary’s delegate.

22 (g) EFFECTIVE DATE.—The amendments made by
23 this section shall apply to taxable years beginning after
24 December 31, 2025.

1 **SEC. 4. PAYMENTS TO TAXPAYERS DETERMINED BY TREAT-**
2 **ING STATE NON-REFUNDABLE EARNED IN-**
3 **COME TAX CREDITS AS REFUNDABLE.**

4 (a) IN GENERAL.—The Secretary shall establish a
5 program for making annual payments to eligible individ-
6 uals equal to the State refundable earned income tax cred-
7 it equivalency amount with respect to taxable years begin-
8 ning in calendar years after 2025.

9 (b) ELIGIBLE INDIVIDUAL.—For purposes of this
10 section—

11 (1) IN GENERAL.—The term “eligible indi-
12 vidual” means any individual who is eligible for, and
13 claims, a non-refundable earned income tax credit
14 for a taxable year beginning after December 31,
15 2025, under the income tax laws of an eligible State.

16 (2) ELIGIBLE STATE.—The term “eligible
17 State” means any State if—

18 (A) the Secretary determines that such
19 States has in effect, as of the date of the enact-
20 ment of this Act, a non-refundable earned in-
21 come tax credit, and

22 (B) such State enters into an agreement
23 with the Secretary to provide the Secretary
24 such information as the Secretary may require
25 to administer this section.

1 (3) NON-REFUNDABLE EARNED INCOME TAX
2 CREDIT.—

3 (A) IN GENERAL.—The term “non-refund-
4 able earned income tax credit” means, with re-
5 spect to any State, a credit against the income
6 tax imposed by such State which the Secretary
7 has determined is based on the earned income
8 of the taxpayer and which is limited to the tax
9 liability of such taxpayer.

10 (B) TREATMENT OF CERTAIN CREDIT
11 MODIFICATIONS.—A credit shall not be treated
12 as a non-refundable earned income tax credit
13 for any taxable year if the Secretary determines
14 that such credit as in effect for such taxable
15 year has been modified (relative to such credit
16 as in effect on the date of the enactment of this
17 Act) in a manner which suggests that a signifi-
18 cant purpose of such modification was to in-
19 crease the amount of payments made under this
20 section.

21 (C) TREATMENT OF CREDITS SCHEDULED
22 TO TERMINATE.—A credit shall not be treated
23 as non-refundable earned income tax credit for
24 any taxable year if such credit was not sched-
25 uled to be in effect for such taxable year under

1 the income tax laws of the State as in effect on
2 the date of the enactment of this Act.

3 (c) STATE REFUNDABLE EARNED INCOME TAX
4 CREDIT EQUIVALENCY AMOUNT.—For purposes of this
5 section, the term “State refundable earned income tax
6 credit equivalency amount” means, with respect to any in-
7 dividual for any taxable year, the amount determined by
8 the Secretary as being the excess (if any) of—

9 (1) the amount of the non-refundable earned in-
10 come tax credit which would have been allowed to
11 such individual for such taxable year if such credit
12 were not limited based on the tax liability of the tax-
13 payer, over

14 (2) the amount by which such individual’s State
15 income tax liability would increase if such credit
16 were not allowed (determined after taking into ac-
17 count all other income tax credits other than income
18 tax credits which constitute credits for the payment
19 of tax).

20 (d) PAYMENTS TREATED IN SAME MANNER AS RE-
21 FUNDABLE INCOME TAX CREDITS.—Except as otherwise
22 provided by the Secretary, the program established under
23 subsection (a) shall effectuate the payments described
24 therein by deeming the amount of such payment as a pay-
25 ment of Federal income tax for purposes of the Internal

1 Revenue Code of 1986. Any overpayment of tax attrib-
 2 utable to such deemed payment shall be refunded by the
 3 Secretary as soon as practicable. For purposes of section
 4 1324 of title 31, United States Code, any such refund
 5 shall be treated in the same manner as a refund due from
 6 a credit provision referred to in subsection (b)(2) of such
 7 section.

8 (e) SECRETARY.—For purposes of this section, the
 9 term “Secretary” means the Secretary of the Treasury or
 10 the Secretary’s delegate.

11 **SEC. 5. ESTABLISHMENT OF REFUNDABLE CHILD TAX**
 12 **CREDIT WITH MONTHLY ADVANCE PAYMENT.**

13 (a) IN GENERAL.—Subpart A of part IV of sub-
 14 chapter A of chapter 1 of the Internal Revenue Code of
 15 1986 is amended by inserting after section 24 the fol-
 16 lowing new sections:

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

18 “(a) ALLOWANCE OF CREDIT.—There shall be al-
 19 lowed as a credit against the tax imposed by this chapter
 20 for the taxable year the sum of the monthly specified child
 21 allowances determined with respect to the taxpayer under
 22 subsection (b) for each calendar month during such tax-
 23 able year.

24 “(b) MONTHLY SPECIFIED CHILD ALLOWANCE.—

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

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

8 “(B) \$350, with respect to each specified
9 child of such taxpayer who will not (as of the
10 close of such month) have attained age 6.

11 “(2) LIMITATIONS BASED ON MODIFIED AD-
12 JUSTED GROSS INCOME.—

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

22 “(B) LIMITATION ON INITIAL REDUC-
23 TION.—In the case of any calendar month be-
24 ginning before January 1, 2026, the amount of

1 the reduction under subparagraph (A) shall not
 2 exceed the lesser of—

3 “(i) the excess (if any) of—

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

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

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

17 “(C) SECONDARY REDUCTION.—In the
 18 case of any calendar month beginning before
 19 January 1, 2026, the monthly specified child al-
 20 lowance otherwise determined under paragraph
 21 (1) with respect to any taxpayer for such cal-
 22 endar month (determined after the application
 23 of subparagraphs (A) and (B)) shall be reduced
 24 (but not below zero) by $\frac{1}{12}$ of 5 percent of the
 25 excess (if any) of the taxpayer’s modified ad-

1 justed gross income for the applicable taxable
2 year over the 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) \$300,000, in the case of a
2 head of household (as defined in sec-
3 tion 2(b)), and

4 “(III) \$200,000, 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, each dollar amount
4 in paragraph (1) 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 2020.

16 “(B) INITIAL THRESHOLD AMOUNT.—In
17 the case of any taxable year beginning after De-
18 cember 31, 2025, 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 ‘2020’.

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 described in section 152(f)(1)(B) with
9 respect to such taxpayer.

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

15 “(3) CARE FROM THE TAXPAYER.—

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

23 “(i) The supervision provided by the
24 taxpayer regarding the daily activities and
25 needs of the individual.

1 “(ii) The maintenance by the taxpayer
2 of a secure environment at which the indi-
3 vidual resides.

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

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

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

16 “(B) DETERMINATION OF WHETHER CARE
17 IS COMPENSATED.—For purposes of deter-
18 mining if care is compensated within the mean-
19 ing of paragraph (1)(C), compensation from the
20 Federal Government, a State or local govern-
21 ment, a Tribal government, or any possession of
22 the United States shall not be taken into ac-
23 count.

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

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

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

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

19 “(iii) if the individual is neither a
20 specified child of any parent of the indi-
21 vidual nor a specified child of any specified
22 relative of the individual (in both cases de-
23 termined without regard to this para-
24 graph), the taxpayer with the highest ad-

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

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

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

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

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

19 “(i) an ancestor of a parent of the
20 specified child,

21 “(ii) a brother or sister of a parent of
22 the specified child, or

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

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

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

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

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

17 “(E) TREATMENT OF JOINT RETURNS.—

18 For purposes of this paragraph, with respect to
19 any month, the adjusted gross income of each
20 person who files a joint return for the taxable
21 year which includes such month is the total ad-
22 justed gross income shown on the joint return
23 for the taxable year.

24 “(F) PARENT.—Except as otherwise pro-
25 vided by the Secretary, the term ‘parent’ shall

1 have the same meaning as when used in section
2 152(c)(4).

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

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

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

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

16 “(iii) not be treated as a day at any
17 other location.

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

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

24 “(ii) under the facts and cir-
25 cumstances, it is reasonable to assume that

1 the individual will return to reside at the
2 place of abode.

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

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

8 “(A) IN GENERAL.—If a period of pre-
9 sumptive eligibility is established under section
10 7527B(c) for any individual with respect to any
11 taxpayer—

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

16 “(ii) such individual shall not be
17 treated as the specified child of any other
18 taxpayer with respect to whom a period of
19 presumptive eligibility has not been estab-
20 lished for any such month.

21 “(B) ABILITY OF CREDIT CLAIMANTS TO
22 ESTABLISH PRESUMPTIVE ELIGIBILITY.—Noth-
23 ing in section 7527B(c) shall be interpreted to
24 preclude a taxpayer from establishing a period
25 of presumptive eligibility (including any such

1 period described in section 7527B(c)(2)(D))
2 with respect to any specified child for purposes
3 of this section solely because such taxpayer af-
4 firmatively elects not to receive monthly ad-
5 vance child payments under section 7527B.

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

15 “(e) IDENTIFICATION REQUIREMENTS.—

16 “(1) QUALIFYING CHILD IDENTIFICATION RE-
17 QUIREMENT.—No credit shall be allowed under this
18 section to a taxpayer with respect to any qualifying
19 child unless the taxpayer includes the name and tax-
20 payer identification number of such qualifying child
21 on the return of tax for the taxable year and such
22 taxpayer identification number was issued on or be-
23 fore the due date for filing such return.

24 “(2) TAXPAYER IDENTIFICATION REQUIRE-
25 MENT.—No credit shall be allowed under this section

1 if the taxpayer identification number of the taxpayer
2 was issued after the due date for filing the return
3 for the taxable year.

4 “(f) RESTRICTIONS ON TAXPAYERS WHO IMPROP-
5 ERLY CLAIMED CREDIT OR IMPROPERLY RECEIVED
6 MONTHLY ADVANCE CHILD PAYMENT.—

7 “(1) TAXPAYERS MAKING PRIOR FRAUDULENT
8 OR RECKLESS CLAIMS.—

9 “(A) IN GENERAL.—No credit shall be al-
10 lowed under this section for any taxable year
11 (and no payment shall be made under section
12 7527B for any month) in the disallowance pe-
13 riod.

14 “(B) DISALLOWANCE PERIOD.—For pur-
15 poses of subparagraph (A), the disallowance pe-
16 riod is—

17 “(i) the period of 10 taxable years
18 after the most recent taxable year for
19 which there was a final determination that
20 the taxpayer’s claim of credit under this
21 section or section 24 (or payment received
22 under section 7527A or 7527B) was due to
23 fraud,

24 “(ii) the period of 2 taxable years
25 after the most recent taxable year for

1 which there was a final determination that
2 the taxpayer's claim of credit under this
3 section or section 24 (or payment received
4 under section 7527A or 7527B) was due to
5 reckless or intentional disregard of rules
6 and regulations (but not due to fraud),
7 and

8 “(iii) in addition to any period deter-
9 mined under clause (i) or (ii) (as the case
10 may be), the period beginning on the date
11 of the final determination described in
12 such clause and ending with the beginning
13 of the period described in such clause.

14 “(2) TAXPAYERS MAKING IMPROPER PRIOR
15 CLAIMS.—In the case of a taxpayer who is denied
16 credit under this section or section 24 for any tax-
17 able year as a result of the deficiency procedures
18 under subchapter B of chapter 63, no credit shall be
19 allowed under this section for any subsequent tax-
20 able year (and no payment shall be made under sec-
21 tion 7527B for any subsequent month) unless the
22 taxpayer provides such information as the Secretary
23 may require to demonstrate eligibility for such cred-
24 it.

1 “(3) COORDINATION WITH POSSESSIONS OF
2 THE UNITED STATES.—For purposes of this sub-
3 section, a taxpayer’s claim of credit under this sec-
4 tion or section 24 (or payment received under sec-
5 tion 7527A or section 7527B) includes a claim of
6 credit under this section or section 24 of the income
7 tax law of any jurisdiction other than the United
8 States (or similar payment received under section
9 7527A or section 7527B of such income tax law),
10 and a claim made or a payment received from Amer-
11 ican Samoa pursuant to a plan described in sub-
12 section (i)(3)(B) or section 24(k)(3)(B).

13 “(g) RECONCILIATION OF CREDIT AND MONTHLY
14 ADVANCE CHILD PAYMENTS.—

15 “(1) IN GENERAL.—The amount otherwise de-
16 termined under subsection (a) with respect to any
17 taxpayer for any taxable year shall be reduced (but
18 not below zero) by the aggregate amount of pay-
19 ments made under section 7527B to such taxpayer
20 for one or more calendar months in such taxable
21 year. Any failure to so reduce the credit shall be
22 treated as arising out of a mathematical or clerical
23 error and assessed according to section 6213(b)(1).

24 “(2) RECAPTURE OF EXCESS ADVANCE PAY-
25 MENTS IN CERTAIN CIRCUMSTANCES.—In the case

1 of a taxpayer described in paragraph (3) for any
 2 taxable year, the tax imposed by this chapter for
 3 such taxable year shall be increased by the excess (if
 4 any) of—

5 “(A) the aggregate amount of payments
 6 made to the taxpayer under section 7527B for
 7 one or more calendar months in such taxable
 8 year, over

9 “(B) the amount determined under sub-
 10 section (a) with respect to the taxpayer for such
 11 taxable year (without regard to paragraph (1)
 12 of this subsection).

13 “(3) TAXPAYERS SUBJECT TO RECAPTURE.—

14 “(A) FRAUD OR RECKLESS OR INTEN-
 15 TIONAL DISREGARD OF RULES AND REGULA-
 16 TIONS.—A taxpayer is described in this para-
 17 graph with respect to any taxable year if the
 18 Secretary determines that the amount described
 19 in paragraph (2)(A) with respect to the tax-
 20 payer for such taxable year was determined on
 21 the basis of fraud or a reckless or intentional
 22 disregard of rules and regulations.

23 “(B) UNDERSTATEMENT OF INCOME;
 24 CHANGES IN FILING STATUS.—If the amount
 25 described in paragraph (2)(A) with respect to

1 the taxpayer for the taxable year was deter-
2 mined on the basis of an amount of the tax-
3 payer's modified adjusted gross income which
4 was less than the taxpayer's modified adjusted
5 gross income for the applicable taxable year (as
6 defined in subsection (b))—

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 excess of—

12 “(I) the amount described in
13 paragraph (2)(A), over

14 “(II) the amount which would be
15 so described if the payments described
16 therein had been determined on the
17 basis of the taxpayer's modified ad-
18 justed gross income for the applicable
19 taxable year (as defined in subsection
20 (b)).

21 A rule similar to the rule of the preceding
22 sentence shall apply if the amount de-
23 scribed in paragraph (2)(A) with respect to
24 the taxpayer for the taxable year was de-
25 termined on the basis of a filing status of

1 the taxpayer which differs from the tax-
2 payer's filing status for the applicable tax-
3 able year (as so defined).

4 “(C) PAYMENTS MADE OUTSIDE OF PE-
5 RIOD OF PRESUMPTIVE ELIGIBILITY.—If any
6 payment described in paragraph (2)(A) with re-
7 spect to the taxpayer for the taxable year was
8 made with respect to a child for a month which
9 was not part of a period of presumptive eligi-
10 bility established under section 7527B(c) for
11 such child with respect to such taxpayer—

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

14 “(ii) the increase determined under
15 paragraph (2) by reason of this subpara-
16 graph shall not exceed the portion of such
17 payment so made.

18 “(D) CERTAIN PAYMENTS MADE AFTER
19 NOTICE FROM SECRETARY.—If the Secretary
20 notifies a taxpayer under section 7527B(j)(2)
21 that such taxpayer is subject to recapture with
22 respect to any payments—

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

1 “(ii) the increase determined under
2 paragraph (2) by reason of this subpara-
3 graph shall not exceed the aggregate
4 amount of such payments.

5 “(E) TAXPAYERS MOVING TO ANOTHER
6 JURISDICTION.—To minimize the amount of ad-
7 vance payments made under section 7527B to
8 ineligible individuals, the Secretary shall issue
9 regulations or other guidance for purposes of
10 this paragraph which apply with respect to tax-
11 payers who are described in section
12 7527B(b)(4) with respect to the reference
13 month but are not so described with respect to
14 one or more months during the taxable year for
15 which advance payments under section 7527B
16 are made.

17 “(F) OTHER CIRCUMSTANCES TO PREVENT
18 ABUSE.—A taxpayer is described in this para-
19 graph with respect to any taxable year pursuant
20 to regulations or other guidance of the Sec-
21 retary describing other recapture circumstances
22 to facilitate the administration and enforcement
23 by the Secretary of section 7527B to minimize
24 the amount of advance payments made under

1 section 7527B to ineligible individuals and to
2 prevent abuse.

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

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

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

2 “(1) MIRROR CODE POSSESSIONS.—

3 “(A) IN GENERAL.—The Secretary shall
4 pay to each possession of the United States
5 with a mirror code tax system amounts equal to
6 the loss (if any) to that possession by reason of
7 the application of this section (determined with-
8 out regard to this subsection) with respect to
9 taxable years beginning in calendar years after
10 2025. Such amounts shall be determined by the
11 Secretary based on information provided by the
12 government of the respective possession.

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

22 “(C) MIRROR CODE TAX SYSTEM.—For
23 purposes of this paragraph, the term ‘mirror
24 code tax system’ means, with respect to any
25 possession of the United States, the income tax

1 system of such possession if the income tax li-
2 ability of the residents of such possession under
3 such system is determined by reference to the
4 income tax laws of the United States as if such
5 possession were the United States.

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

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

11 “(B) For application of advance payment
12 to residents of Puerto Rico, see section
13 7527B(b)(4).

14 “(3) AMERICAN SAMOA.—

15 “(A) IN GENERAL.—The Secretary shall
16 pay to American Samoa amounts estimated by
17 the Secretary as being equal to the aggregate
18 benefits that would have been provided to resi-
19 dents of American Samoa by reason of the ap-
20 plication of this section for taxable years begin-
21 ning in calendar years after 2025 if the provi-
22 sions of this section had been in effect in Amer-
23 ican Samoa (applied as if American Samoa
24 were the United States and without regard to

1 the application of this section to residents of
2 Puerto Rico under subsection (d)).

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

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

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

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

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

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

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

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

17 “(A) whose taxable year is other than a
18 calendar year,

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

23 “(C) whose principal place of abode for
24 any month is different from the principal place

1 of abode used for determining the monthly pay-
 2 ment under section 7527B for such month.

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

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

8 “(b) LIMITATION BASED ON MODIFIED ADJUSTED
 9 GROSS INCOME.—

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

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

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

21 “(B) \$300,000, in the case of a head of
 22 household (as defined in section 2(b)), and

23 “(C) \$200,000, in any other case.

24 “(3) MODIFIED ADJUSTED GROSS INCOME.—
 25 For purposes of this subsection, the term ‘modified

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

4 “(c) SPECIFIED DEPENDENT.—For purposes of this
5 section, the term ‘specified dependent’ means, with respect
6 to any taxpayer for any taxable year, any dependent of
7 such taxpayer for such taxable year unless such depend-
8 ent—

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

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

15 “(d) IDENTIFICATION REQUIREMENTS.—Rules simi-
16 lar to the rules of section 24A(e) shall apply for purposes
17 of this section.

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

23 “(f) REGULATIONS.—The Secretary shall issue such
24 regulations or other guidance as the Secretary determines

1 necessary or appropriate to carry out the purposes of this
2 section.”.

3 (b) MONTHLY PAYMENT OF CHILD TAX CREDIT.—
4 Chapter 77 of such Code is amended by inserting after
5 section 7527A the following new section:

6 **“SEC. 7527B. MONTHLY PAYMENTS OF CHILD TAX CREDIT.**

7 “(a) IN GENERAL.—The Secretary shall establish a
8 program for making payments to taxpayers with respect
9 to each calendar month equal to the monthly advance child
10 payment determined with respect to such taxpayer for
11 such month.

12 “(b) MONTHLY ADVANCE CHILD PAYMENT.—For
13 purposes of this section and except as otherwise provided
14 in this section, the term ‘monthly advance child payment’
15 means, with respect to any taxpayer for any calendar
16 month, the amount (if any) which is estimated by the Sec-
17 retary as being equal to the monthly specified child allow-
18 ance which would be determined under section 24A(b)
19 with respect to such taxpayer for such calendar month if—

20 “(1) unless determined by the Secretary based
21 on any information known to the Secretary, the only
22 specified children of such taxpayer for such calendar
23 month are the specified children of such taxpayer for
24 the reference month,

1 “(2) unless determined by the Secretary based
2 on any information known to the Secretary, the ages
3 of such children (and the status of such children as
4 specified children) are determined for such calendar
5 month by taking into account the passage of time
6 since such reference month,

7 “(3) the limitations of section 24A(b)(2) were
8 applied with respect to the reference taxable year
9 rather than with respect to the applicable taxable
10 year, and

11 “(4) unless determined by the Secretary based
12 on any information known to the Secretary, no
13 monthly specified child allowance were determined
14 with respect to such taxpayer for such calendar
15 month unless the taxpayer (in the case of a joint re-
16 turn, either spouse) has a principal place of abode
17 (determined as provided in section 32) in the United
18 States or Puerto Rico for more than one-half of the
19 reference month.

20 “(c) PRESUMPTIVE ELIGIBILITY.—

21 “(1) IN GENERAL.—An individual shall be
22 treated as a specified child of a taxpayer for pur-
23 poses of determining any monthly advance child pay-
24 ment under this section only if such month is part
25 of the period of presumptive eligibility determined by

1 the Secretary under this subsection with respect to
 2 such specified child and such taxpayer (determined
 3 by treating the month described in subclause (I) of
 4 paragraph (2)(A)(ii) as being the first month begin-
 5 ning after the determination described in such sub-
 6 clause).

7 “(2) PERIOD OF PRESUMPTIVE ELIGIBILITY.—
 8 For purposes of this section—

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

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

15 “(ii) ending with the earliest of—

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

23 “(II) in the case of any notifica-
 24 tion from the Secretary that the pe-
 25 riod of presumptive eligibility has

1 been terminated or suspended by rea-
2 son of any question regarding eligi-
3 bility of the taxpayer for monthly ad-
4 vance child payments with respect to
5 such child, the month specified in
6 such notice as the month on which
7 such termination or suspension be-
8 gins, and

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

14 “(B) ESTABLISHING PRESUMPTIVE ELIGI-
15 BILITY.—A taxpayer shall establish presumptive
16 eligibility with respect to any specified child for
17 any month at such time and in such manner as
18 the Secretary may provide. Except as otherwise
19 provided by the Secretary, in order to establish
20 a period of presumptive eligibility the taxpayer
21 must express a reasonable expectation and in-
22 tent that the taxpayer will continue to be eligi-
23 ble with respect to such specified child for at
24 least the two months following the month for

1 which presumptive eligibility is to be estab-
2 lished.

3 “(C) METHOD OF ESTABLISHING PRE-
4 SUMPTIVE ELIGIBILITY.—The Secretary shall
5 ensure information to establish presumptive eli-
6 gibility under this paragraph may be provided
7 on the return of tax for the taxable year ending
8 before the calendar year which includes the
9 month for which such eligibility is to be estab-
10 lished, through the on-line portal described in
11 subsection (e), or in such other manner as the
12 Secretary may provide.

13 “(D) INCLUSION OF AUTOMATIC GRACE
14 PERIODS AND PERIODS OF HARDSHIP.—The pe-
15 riod of presumptive eligibility shall include any
16 period to which paragraph (1) or (2) of sub-
17 section (g) applies.

18 “(E) AUTOMATIC ELIGIBILITY FOR BIRTH
19 OF CHILD.—The Secretary shall issue regula-
20 tions or other guidance to establish procedures
21 pursuant to which, to the maximum extent ad-
22 ministratively practicable—

23 “(i) a parent of a child born during a
24 calendar month shall be treated as auto-

1 matically establishing presumptive eligi-
2 bility with respect to such child,

3 “(ii) the period of such automatic pre-
4 sumptive eligibility is determined, and

5 “(iii) the first monthly advance child
6 payment with respect to such child is in-
7 creased to properly take into account the
8 months in the period of such automatic
9 presumptive eligibility which precede such
10 payment.

11 “(F) PRESUMPTIVE ELIGIBILITY BASED
12 ON CERTAIN GOVERNMENT PROGRAMS.—The
13 Secretary shall issue regulations or other guid-
14 ance to establish procedures under which—

15 “(i) based on information provided to
16 the Secretary by one or more government
17 entities, a parent or specified relative of a
18 child is treated as automatically estab-
19 lishing presumptive eligibility with respect
20 to such child, and

21 “(ii) the period for which such auto-
22 matic presumptive eligibility is determined
23 (including any additional circumstances
24 under which such period will terminate).

1 “(G) COORDINATION WITH PRESUMP-
2 TION.—For purposes of determining the status
3 of any individual as a specified child for pur-
4 poses of determining presumptive eligibility
5 with respect to any period, section 24A(c) shall
6 be applied without regard to paragraph (7)
7 thereof.

8 “(3) NOTICE OF TERMINATION OF PRESUMP-
9 TIVE ELIGIBILITY BY REASON OF FAILURE TO MAKE
10 ANNUAL RENEWAL.—If a taxpayer’s period of pre-
11 sumptive eligibility with respect to any specified
12 child terminates by reason of paragraph
13 (2)(A)(ii)(III), the Secretary shall provide the tax-
14 payer a written notice of such termination.

15 “(d) DETERMINATION OF REFERENCE MONTH AND
16 REFERENCE TAXABLE YEAR.—For purposes of this sec-
17 tion—

18 “(1) REFERENCE MONTH.—The term ‘reference
19 month’ means, with respect to any taxpayer for any
20 calendar month, the most recent of—

21 “(A) in the case of a taxpayer who filed a
22 return of tax for the last taxable year ending
23 before such calendar month, the last month of
24 such taxable year,

1 “(B) in the case of a taxpayer who filed a
2 return of tax for the taxable year preceding the
3 taxable year described in subparagraph (A), the
4 last month of such preceding taxable year, and

5 “(C) in the case of a taxpayer who pro-
6 vides, through a specified alternative mecha-
7 nism, information which is sufficient to esti-
8 mate the taxpayer’s monthly advance child pay-
9 ment for such month.

10 “(2) REFERENCE TAXABLE YEAR.—The term
11 ‘reference taxable year’ means, with respect to any
12 taxpayer for any calendar month, the most recent
13 of—

14 “(A) the taxable year described in subpara-
15 graph (A) or (B) of paragraph (1), or

16 “(B) in the case of a taxpayer who pro-
17 vides, through a specified alternative mecha-
18 nism, information which is sufficient to esti-
19 mate the taxpayer’s modified adjusted gross in-
20 come for the taxable year which includes such
21 month, such taxable year.

22 “(3) AVAILABILITY OF INFORMATION.—Any
23 month or year referred to in subparagraph (A), (B),
24 or (C) of paragraph (1) or subparagraph (A) or (B)
25 of paragraph (2) shall not be taken into account in

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

8 “(4) TREATMENT OF INSUFFICIENT INFORMA-
9 TION.—Except as otherwise provided by the Sec-
10 retary—

11 “(A) if a taxpayer is not described in sub-
12 paragraph (A), (B), or (C) of paragraph (1)
13 with respect to any calendar month, the month-
14 ly advance child payment with respect to such
15 taxpayer for such calendar month shall be
16 treated as zero unless the Secretary determines
17 that the Secretary can make the estimate de-
18 scribed in subsection (b) on the basis of infor-
19 mation known to the Secretary which the Sec-
20 retary determines is reasonably reliable, and

21 “(B) if the taxpayer is not described in
22 paragraph (1)(C) and the information on the
23 return of tax referred to in subparagraph (A)
24 or (B) of paragraph (1) does not establish the
25 status of the taxpayer (in the case of a joint re-

1 turn, either spouse) as having a principal place
2 of abode (determined as provided in section 32)
3 in the United States or Puerto Rico for more
4 than one-half of the reference month, the Sec-
5 retary shall determine such status based on in-
6 formation known to the Secretary.

7 “(5) TRANSITION RULE.—In any case with re-
8 spect to which section 24A was not in effect for the
9 taxable year described in subparagraph (A), (B), or
10 (C) of paragraph (1) (whichever is applicable), sub-
11 section (b)(1) shall be applied by substituting ‘the
12 qualifying children of such taxpayer for the taxable
13 year which includes the reference month’ for ‘the
14 specified children of such taxpayer for the reference
15 month’.

16 “(e) ON-LINE INFORMATION PORTAL; SPECIFIED
17 ALTERNATIVE MECHANISMS.—

18 “(1) ON-LINE INFORMATION PORTAL.—The
19 Secretary shall establish an on-line portal which al-
20 lows taxpayers to—

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

24 “(B) provide information to the Secretary
25 which is relevant in determining the monthly

1 advance child payment and the taxpayer's eligi-
2 bility for such payment, including information
3 regarding—

4 “(i) the number of the taxpayer's
5 specified children, including by reason of
6 the birth of a child,

7 “(ii) the taxpayer's marital status,

8 “(iii) the taxpayer's modified adjusted
9 gross income,

10 “(iv) the taxpayer's principal place of
11 abode, and

12 “(v) any other factor which the Sec-
13 retary may provide.

14 “(2) SPECIFIED ALTERNATIVE MECHANISM.—

15 For purposes of this section, the term ‘specified al-
16 ternative mechanism’ means the on-line portal estab-
17 lished under paragraph (1), the on-line portal estab-
18 lished under section 7527A, and any other mecha-
19 nism or method established by the Secretary to allow
20 taxpayers to provide the information described in
21 paragraph (1) (including in connection with the fil-
22 ing of any return of tax).

23 “(3) AVAILABILITY IN MULTIPLE LAN-
24 GUAGES.—The Secretary shall ensure that the on-

1 line portal described in paragraph (1) is available in
2 multiple languages.

3 “(f) SPECIFIED CHILD OF MORE THAN 1 TAX-
4 PAYER.—

5 “(1) IN GENERAL.—In the event that (without
6 regard to this paragraph) a period of presumptive
7 eligibility with respect to the same specified child
8 would exist for more than 1 taxpayer at the same
9 time—

10 “(A) except as otherwise provided in this
11 section or by the Secretary, a period of pre-
12 sumptive eligibility shall exist only respect to
13 the taxpayer with the most recent reference
14 month,

15 “(B) the Secretary shall establish proce-
16 dures under which the Secretary expeditiously
17 adjudicates taxpayers’ competing claims of pre-
18 sumptive eligibility with respect to the same
19 child, and

20 “(C) the Secretary shall notify any tax-
21 payer of the termination of a period of pre-
22 sumptive eligibility pursuant to this subsection.

23 “(2) PROVISIONS RELATED TO ADJUDICA-
24 TION.—

1 “(A) EXPEDITED PROCESS; APPEALS.—

2 The procedures established under paragraph
3 (1)(B) shall include—

4 “(i) an expedited process for tax-
5 payers who meet such requirements as the
6 Secretary may establish for such expedited
7 process, and

8 “(ii) procedures for adjudicating an
9 appeal of an adverse decision.

10 “(B) INFORMATION RECEIPT AND COORDI-
11 NATION.—The Secretary may enter into agree-
12 ments to receive information from, and other-
13 wise coordinate with—

14 “(i) Federal agencies (including the
15 Social Security Administration and the De-
16 partment of Agriculture),

17 “(ii) any State, local government,
18 Tribal government, or possession of the
19 United States, and

20 “(iii) any other individual or entity
21 that the Secretary determines to be appro-
22 priate for purposes of adjudicating a com-
23 peting claim described in paragraph (1).

24 “(C) ADJUDICATION NOT TREATED AS AS-
25 SESSMENT.—An adjudication under the proce-

1 dures established under paragraph (1)(B) (in-
2 cluding the adjudication of any appeal) shall
3 not be treated as an assessment described in
4 section 6201.

5 “(D) ADJUDICATION NOT TREATED AS IN-
6 SPECTION OF TAXPAYER’S BOOKS OF AC-
7 COUNT.—The inspection of a taxpayer’s books
8 of account in connection with any adjudication
9 under the procedures established under para-
10 graph (1)(B) (including the adjudication of any
11 appeal) shall not be treated as an examination
12 or inspection of a taxpayer’s books of account
13 for purposes of section 7605(b).

14 “(3) RETROACTIVE PAYMENTS.—If, pursuant to
15 the procedures established under paragraph (1)(B),
16 the Secretary determines that a child is a specified
17 child of a taxpayer and the Secretary did not make
18 payments to such taxpayer with respect to such child
19 for any portion of the period during which the deter-
20 mination was made, the Secretary may make a one-
21 time payment to the taxpayer with respect to which
22 such child is the specified child in an amount equal
23 to the aggregate amount by which the monthly ad-
24 vance child payments to such taxpayer would have

1 increased during such period if such determination
2 had been made immediately.

3 “(4) RECAPTURE OF PAYMENTS.—If, pursuant
4 to the procedures established under paragraph
5 (1)(B), the Secretary makes payments with respect
6 to the child during the period during which the de-
7 termination is made—

8 “(A) the Secretary shall provide each tax-
9 payer which receives such payments notice that
10 such payments may be subject to recapture,
11 and

12 “(B) upon making such determination, the
13 Secretary shall determine on the basis of the
14 facts and circumstances of each such taxpayer
15 whether any such payments should be subject
16 to recapture and shall so notify each such tax-
17 payer.

18 “(g) RULES RELATED TO GRACE PERIODS AND
19 HARDSHIPS.—

20 “(1) AUTOMATIC GRACE PERIOD.—

21 “(A) IN GENERAL.—Notwithstanding sub-
22 section (f), in the case of any failure or delay
23 in establishing a period of presumptive eligi-
24 bility with respect to which the taxpayer elects
25 the application of this subparagraph, credit

1 under section 24A or retroactive payment under
2 this section (similar to the payment described in
3 subsection (f)(3)) shall be allowed or made with
4 respect to so much of the period of such failure
5 or delay as does not exceed 3 months. The pre-
6 ceding sentence shall not apply if the Secretary
7 determines that such failure or delay was due
8 to fraud or reckless or intentional disregard of
9 rules and regulations.

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

13 “(2) HARDSHIP.—Notwithstanding subsection
14 (f), if the Secretary determines that a failure or
15 delay in establishing a period of presumptive eligi-
16 bility with respect to any specified child was due to
17 domestic violence, serious illness, natural disaster, or
18 any other hardship, credit under section 24A or ret-
19 roactive payment under this section (similar to the
20 payment described in subsection (f)(3)) shall be al-
21 lowed or made with respect to so much of the period
22 of such failure or delay as does not exceed 6 months.

23 “(h) PROVISIONS RELATED TO FORM, MANNER, AND

24 TREATMENT OF PAYMENTS.—

1 “(1) APPLICATION OF ELECTRONIC FUNDS PAY-
2 MENT REQUIREMENT.—The payments made by the
3 Secretary under subsection (a) shall be made by
4 electronic funds transfer to the same extent and in
5 the same manner as if such payments were Federal
6 payments not made under this title.

7 “(2) DELIVERY OF PAYMENTS.—Notwith-
8 standing any other provision of law, the Secretary
9 may certify and disburse refunds payable under this
10 section electronically to—

11 “(A) any account to which the payee au-
12 thorized, on or after January 1, 2025, the deliv-
13 ery of a refund of taxes under this title or of
14 a Federal payment (as defined in section 3332
15 of title 31, United States Code),

16 “(B) any account belonging to a payee
17 from which that individual, on or after January
18 1, 2025, made a payment of taxes under this
19 title, or

20 “(C) any Treasury-sponsored account (as
21 defined in section 208.2 of title 31, Code of
22 Federal Regulations).

23 “(3) WAIVER OF CERTAIN RULES.—Notwith-
24 standing section 3325 of title 31, United States
25 Code, or any other provision of law, with respect to

1 any payment of a refund under this section, a dis-
2 bursing official in the executive branch of the United
3 States Government may modify payment information
4 received from an officer or employee described in
5 section 3325(a)(1)(B) of such title for the purpose
6 of facilitating the accurate and efficient delivery of
7 such payment. Except in cases of fraud or reckless
8 neglect, no liability under section 3325, 3527, 3528,
9 or 3529 of title 31, United States Code, shall be im-
10 posed with respect to payments made under this
11 paragraph.

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

15 “(A) subject to reduction or offset pursu-
16 ant to section 3716 or 3720A of title 31,
17 United States Code,

18 “(B) subject to reduction or offset pursu-
19 ant to subsection (c), (d), (e), or (f) of section
20 6402, or

21 “(C) reduced or offset by other assessed
22 Federal taxes that would otherwise be subject
23 to levy or collection.

24 “(5) ASSIGNMENT OF BENEFITS.—

1 “(A) IN GENERAL.—The right of any per-
2 son to any applicable payment shall not be
3 transferable or assignable, at law or in equity,
4 and no applicable payment shall be subject to,
5 execution, levy, attachment, garnishment, or
6 other legal process, or the operation of any
7 bankruptcy or insolvency law.

8 “(B) ENCODING OF PAYMENTS.—In the
9 case of an applicable payment described in sub-
10 paragraph (E)(iii)(I) that is paid electronically
11 by direct deposit through the Automated Clear-
12 ing House (ACH) network, the Secretary of the
13 Treasury (or the Secretary’s delegate) shall—

14 “(i) issue the payment using a unique
15 identifier that is reasonably sufficient to
16 allow a financial institution to identify the
17 payment as an applicable payment, and

18 “(ii) further encode the payment pur-
19 suant to the same specifications as re-
20 quired for a benefit payment defined in
21 section 212.3 of title 31, Code of Federal
22 Regulations.

23 “(C) GARNISHMENT.—

24 “(i) ENCODED PAYMENTS.—In the
25 case of a garnishment order that applies to

1 an account that has received an applicable
2 payment that is encoded as provided in
3 subparagraph (B), a financial institution
4 shall follow the requirements and proce-
5 dures set forth in part 212 of title 31,
6 Code of Federal Regulations, except—

7 “(I) notwithstanding section
8 212.4 of title 31, Code of Federal
9 Regulations (and except as provided
10 in subclause (II)), a financial institu-
11 tion shall not fail to follow the proce-
12 dures of sections 212.5 and 212.6 of
13 such title with respect to a garnish-
14 ment order merely because such order
15 has attached, or includes, a notice of
16 right to garnish federal benefits issued
17 by a State child support enforcement
18 agency, and

19 “(II) a financial institution shall
20 not, with regard to any applicable
21 payment, be required to provide the
22 notice referenced in sections 212.6
23 and 212.7 of title 31, Code of Federal
24 Regulations.

1 “(ii) OTHER PAYMENTS.—In the case
2 of a garnishment order (other than an
3 order that has been served by the United
4 States) that has been received by a finan-
5 cial institution and that applies to an ac-
6 count into which an applicable payment
7 that has not been encoded as provided in
8 subparagraph (B) has been deposited elec-
9 tronically on any date during the lookback
10 period or into which an applicable payment
11 that has been deposited by check on any
12 date in the lookback period, the financial
13 institution, upon the request of the account
14 holder, shall treat the amount of the funds
15 in the account at the time of the request,
16 up to the amount of the applicable pay-
17 ment (in addition to any amounts other-
18 wise protected under part 212 of title 31,
19 Code of Federal Regulations), as exempt
20 from a garnishment order without requir-
21 ing the consent of the party serving the
22 garnishment order or the judgment cred-
23 itor.

24 “(iii) LIABILITY.—A financial institu-
25 tion that acts in good faith in reliance on

1 clauses (i) or (ii) shall not be subject to li-
2 ability or regulatory action under any Fed-
3 eral or State law, regulation, court or other
4 order, or regulatory interpretation for ac-
5 tions concerning any applicable payments.

6 “(D) NO RECLAMATION RIGHTS.—This
7 paragraph shall not alter the status of applica-
8 ble payments as tax refunds or other nonbenefit
9 payments for purpose of any reclamation rights
10 of the Department of the Treasury or the Inter-
11 nal Revenue Service as per part 210 of title 31,
12 Code of Federal Regulations.

13 “(E) DEFINITIONS.—For purposes of this
14 paragraph—

15 “(i) ACCOUNT HOLDER.—The term
16 ‘account holder’ means a natural person
17 whose name appears in a financial institu-
18 tion’s records as the direct or beneficial
19 owner of an account.

20 “(ii) ACCOUNT REVIEW.—The term
21 ‘account review’ means the process of ex-
22 amining deposits in an account to deter-
23 mine if an applicable payment has been de-
24 posited into the account during the
25 lookback period. The financial institution

1 shall perform the account review following
2 the procedures outlined in section 212.5 of
3 title 31, Code of Federal Regulations and
4 in accordance with the requirements of sec-
5 tion 212.6 of title 31, Code of Federal
6 Regulations.

7 “(iii) APPLICABLE PAYMENT.—The
8 term ‘applicable payment’ means—

9 “(I) any payment made to an in-
10 dividual under this section (other than
11 any payment made pursuant to para-
12 graph (6)),

13 “(II) any advance payment made
14 by a possession of the United States
15 with a mirror code tax system (as de-
16 fined in section 24(h)) pursuant to an
17 election under paragraph (6)(B)
18 which corresponds to a payment de-
19 scribed in subclause (I), and

20 “(III) any advance payment
21 made by American Samoa pursuant to
22 a program for making such payments
23 which is described in paragraph
24 (6)(C)(ii).

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

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

15 “(vi) LOOKBACK PERIOD.—The term
16 ‘lookback period’ means the two-month pe-
17 riod that begins on the date preceding the
18 date of account review and ends on the
19 corresponding date of the month two
20 months earlier, or on the last date of the
21 month two months earlier if the cor-
22 responding date does not exist.

23 “(6) APPLICATION OF ADVANCE PAYMENTS IN
24 THE POSSESSIONS OF THE UNITED STATES.—

25 “(A) PUERTO RICO.—

1 “(i) For application of child tax credit
2 to residents of Puerto Rico, see section
3 24A(d).

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

7 “(B) MIRROR CODE POSSESSIONS.—In the
8 case of any possession of the United States with
9 a mirror code tax system (as defined in section
10 24A(h)(1)(C)), this section shall not be treated
11 as part of the income tax laws of the United
12 States for purposes of determining the income
13 tax law of such possession unless such posses-
14 sion elects to have this section be so treated.

15 “(C) ADMINISTRATIVE EXPENSES OF AD-
16 VANCE PAYMENTS.—

17 “(i) MIRROR CODE POSSESSIONS.—In
18 the case of any possession described in
19 subparagraph (B) which makes the elec-
20 tion described in such subparagraph, the
21 amount otherwise paid by the Secretary to
22 such possession under section
23 24A(h)(1)(A) with respect to taxable years
24 beginning in 2026, 2027, and 2028 shall
25 each be increased by \$300,000 if such pos-

1 session has a plan, which has been ap-
2 proved by the Secretary, for making
3 monthly advance child payments consistent
4 with such election.

5 “(ii) AMERICAN SAMOA.—The amount
6 otherwise paid by the Secretary to Amer-
7 ican Samoa under subparagraph (A) of
8 section 24A(h)(3) with respect to taxable
9 years beginning in 2026, 2027, and 2028
10 shall each be increased by \$300,000 if the
11 plan described in subparagraph (B) of
12 such section includes a program, which has
13 been approved by the Secretary, for mak-
14 ing monthly advance child payments under
15 rules similar to the rules of this section.

16 “(iii) TIMING OF PAYMENT.—The
17 Secretary may pay, upon the request of the
18 possession of the United States to which
19 the payment is to be made, the amount of
20 the increase determined under clause (i) or
21 (ii), respectively, immediately upon ap-
22 proval of the plan with respect to which
23 such payment relates.

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

1 “(1) DEFINITIONS.—Except as otherwise pro-
2 vided in this section, terms used in this section
3 which are also used in section 24A shall have the
4 same respective meanings as when used in section
5 24A.

6 “(2) TREATMENT OF CERTAIN DEATHS.—A
7 child shall not be taken into account in determining
8 the monthly advance child payment for any calendar
9 month if the death of such child before the end of
10 such month is known to the Secretary as of date on
11 which the Secretary estimates such payment.

12 “(3) IDENTIFICATION REQUIREMENTS.—Rules
13 similar to the rules which apply under section
14 24A(e) shall apply for purposes of this section ex-
15 cept that such rules shall apply with respect to the
16 return of tax for the reference taxable year or, in the
17 case of information provided through a specified al-
18 ternative mechanism, with respect to the information
19 provided through such mechanism.

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

25 “(j) NOTICE OF PAYMENTS.—

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

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

9 “(B) the aggregate amount of such pay-
10 ments made to such taxpayer during such cal-
11 endar year, and

12 “(C) such other information as the Sec-
13 retary determines appropriate.

14 “(2) CERTAIN PAYMENTS SUBJECT TO RECAP-
15 TURE.—In the case of any payments made to a tax-
16 payer which the Secretary has determined are sub-
17 ject to recapture, the notice provided under para-
18 graph (1) to such taxpayer shall include the amount
19 of such payments.

20 “(k) NOTIFICATION OF CERTAIN EVENTS.—With re-
21 spect to any taxpayer receiving monthly advance child pay-
22 ments under this section with respect to any specified
23 child, the Secretary shall, to the maximum extent prac-
24 ticable, provide reasonable advance notice of each of the
25 following:

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

5 “(2) Any month with respect to which such
6 monthly advance child payment will be reduced (rel-
7 ative to the preceding month) by reason of such
8 child ceasing to be a specified child by reason of at-
9 taining age 18.

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

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

19 (c) TERMINATION OF ANNUAL CHILD TAX CRED-
20 IT.—Section 24 of such Code is amended by adding at
21 the end the following new subsection:

22 “(l) TERMINATION.—This section shall not apply to
23 (and no payment shall be made under subsection (k) with
24 respect to) any taxable year beginning after December 31,
25 2025.”.

1 (d) DISCLOSURE OF INFORMATION RELATING TO AD-
2 VANCE PAYMENT OF CHILD TAX CREDIT.—Section
3 6103(e) of such Code is amended by adding at the end
4 the following new paragraph:

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

7 “(A) JOINT FILERS.—In the case of an in-
8 dividual to whom the Secretary makes pay-
9 ments under section 7527A or who is eligible
10 for monthly advance child payments under sec-
11 tion 7527B, if the reference taxable year (as
12 defined in section 7527A(b)(2) or 7527B(d)(2),
13 as the case may be) that the Secretary uses to
14 calculate such payments is a year for which the
15 individual filed an income tax return jointly
16 with another individual, the Secretary may dis-
17 close to such individual any information which
18 is relevant in determining the payment under
19 section 7527A, or the monthly advance child
20 payment under section 7527B, and the individ-
21 ual’s eligibility for such payment, including in-
22 formation regarding any of the following:

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

1 “(ii) The name and TIN of specified
2 children.

3 “(iii) Marital status.

4 “(iv) Modified adjusted gross income.

5 “(v) Principal place of abode.

6 “(vi) Any other factor which the Sec-
7 retary may provide pursuant to section
8 7527A(e) or 7527B(e).

9 “(B) COMPETING CLAIMANTS.—In the case
10 of an individual who has a competing claim of
11 presumptive eligibility with respect to a speci-
12 fied child under section 7527B(f)(1), the Sec-
13 retary may disclose to such individual return in-
14 formation provided by another individual who
15 has a competing claim of presumptive eligibility
16 with respect to the same specified child in the
17 course of the Secretary’s adjudication of that
18 competing claim, as well as any other informa-
19 tion considered by the Secretary with respect to
20 that competing claim. Such information shall be
21 limited to the items specified in subparagraph
22 (A) and the following:

23 “(i) Information received under any
24 agreements or coordination the Secretary
25 entered into with—

1 “(I) any State, local government,
2 Tribal government, or possession of
3 the United States, or

4 “(II) any other individual or enti-
5 ty that the Secretary determines to be
6 appropriate for purposes of adjudi-
7 cating a competing claim.

8 “(ii) Information considered by the
9 Secretary about where and with whom the
10 specified child resided.

11 “(iii) Information considered by the
12 Secretary about expenditures made by the
13 claimants to the extent such payments re-
14 late to the competing claim.”.

15 (e) CONFORMING AMENDMENTS.—

16 (1) Section 26(b)(2) of such Code is amended
17 by striking “and” at the end of subparagraph (Y),
18 by striking the period at the end of subparagraph
19 (Z) and inserting “, and”, and by adding at the end
20 the following new subparagraph:

21 “(AA) section 24A(g)(2) (relating to recap-
22 ture of certain monthly advance child pay-
23 ments).”.

24 (2) Section 152(f)(6)(B)(ii) of such Code is
25 amended to read as follows:

1 “(ii) the credits under sections 24,
2 24A, and 24B and the payments under
3 sections 7527A and 7527B,”.

4 (3) Section 3402(f)(1)(C) of such Code is
5 amended by inserting “or section 24A (determined
6 after application of subsection (g) thereof)” after
7 “section 24 (determined after application of sub-
8 section (j) thereof)”.

9 (4) Section 6103(l)(13)(A)(v) of such Code is
10 amended by insert “or section 24A, as the case may
11 be” after “section 24”.

12 (5) Section 6211(b)(4)(A) of such Code is
13 amended by inserting “24A by reason of subsection
14 (d) thereof,” after “24 by reason of subsections (d)
15 and (i)(1) thereof,”.

16 (6) Section 6213(g)(2)(I) of such Code is
17 amended by inserting “or section 24A(e) (relating to
18 monthly child tax credit)” after “section 24(e) (re-
19 lating to child tax credit)”.

20 (7) Section 6213(g)(2)(L) of such Code is
21 amended by inserting “24A,” after “24,”.

22 (8) Section 6213(g)(2)(P) of such Code is
23 amended—

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

1 (B) by inserting “or 24A” after “under
2 section 24”, and

3 (C) by striking “subsection (g)(1) thereof”
4 and inserting “section 24(g)(1) or section
5 24A(f)(1), respectively”.

6 (9) Section 6695(g)(2) of such Code is amend-
7 ed by inserting “24A,” after “24,”.

8 (10) Paragraph (2) of section 1324(b) of title
9 31, United States Code, as amended by the pre-
10 ceding provisions of this Act, is amended—

11 (A) by inserting “24A,” after “24,” and

12 (B) by inserting “7527B,” after “7527A,”.

13 (11) The table of sections for subpart A of part
14 IV of subchapter A of chapter 1 of the Internal Rev-
15 enue Code of 1986 is amended by inserting after the
16 item relating to section 24 the following new items:

“Sec. 24A. Monthly child tax credit.

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

17 (12) The table of sections for chapter 77 of
18 such Code is amended by inserting after the item re-
19 lating to section 7527A the following new item:

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

20 (f) EFFECTIVE DATES.—

21 (1) IN GENERAL.—Except as otherwise pro-
22 vided in this subsection, the amendments made by

1 this section shall apply to taxable years beginning
2 after December 31, 2025.

3 (2) MONTHLY ADVANCE CHILD PAYMENTS.—

4 The amendments made by subsection (b) shall apply
5 to calendar months beginning after December 31,
6 2025.

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

10 **SEC. 6. CAPITAL GAINS RATES NOT APPLICABLE TO CER-**
11 **TAIN HIGH INCOME TAXPAYERS.**

12 (a) IN GENERAL.—Section 1(h)(1) of the Internal
13 Revenue Code of 1986 is amended by inserting “and the
14 taxable income of such taxpayer for such taxable year does
15 not exceed \$1,000,000 (half such amount in the case of
16 a married individual filing a separate return)” after “If
17 a taxpayer has a net capital gain for any taxable year”.

18 (b) INFLATION ADJUSTMENT.—Section 1(h) of such
19 Code is amended by adding at the end the following new
20 paragraph:

21 “(12) INFLATION ADJUSTMENT.—

22 “(A) IN GENERAL.—In the case of any
23 taxable year beginning after 2026, the
24 \$1,000,000 amount in paragraph (1) shall be
25 increased by an amount equal to—

1 “(i) such dollar amount, multiplied by

2 “(ii) the cost-of-living adjustment de-
3 termined under section 1(f)(3) for the cal-
4 endar year in which the taxable year be-
5 gins, determined by substituting ‘calendar
6 year 2025’ for ‘calendar year 2016’ in sub-
7 paragraph (A)(ii) thereof.

8 “(B) ROUNDING.—If any increase under
9 subparagraph (A) is not a multiple of \$50, such
10 dollar amount shall be rounded to the next low-
11 est multiple of \$50.”.

12 (c) EFFECTIVE DATE.—The amendments made by
13 this section shall apply to taxable years beginning after
14 December 31, 2025.

15 **SEC. 7. INCREASE IN RATES OF CERTAIN CORPORATE**
16 **TAXES.**

17 (a) CORPORATE INCOME TAX RATE.—Section 11(b)
18 of the Internal Revenue Code of 1986 is amended by strik-
19 ing “21 percent” and inserting “28 percent”.

20 (b) RATE OF TAX ON REPURCHASE OF CORPORATE
21 STOCK.—Section 4501(a) of such Code is amended by
22 striking “1 percent” and inserting “4 percent”.

23 (c) CORPORATE ALTERNATIVE MINIMUM TAX
24 RATE.—Section 55(b)(2)(A)(i) of such Code is amended
25 to read as follows:

1 “(i) the sum of—

2 “(I) 15 percent of so much of the
3 adjusted financial statement income
4 (as defined in section 56A) as does
5 not exceed \$5,000,000,000, plus

6 “(II) 25 percent of so much of
7 such adjusted financial statement in-
8 come as exceeds \$5,000,000,000,”.

9 (d) EFFECTIVE DATES.—The amendments made by
10 this section shall apply to taxable years beginning after
11 December 31, 2025.

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