

FUNDABLE CHILD TAX CREDIT ELIGIBILITY
 VERIFICATION REFORM ACT OF 2016

MARCH 23, 2016.—Committed to the Committee of the Whole House on the State
 of the Union and ordered to be printed

Mr. BRADY of Texas, from the Committee on Ways and Means,
 submitted the following

R E P O R T

together with

DISSENTING VIEWS

[To accompany H.R. 4722]

[Including cost estimate of the Congressional Budget Office]

The Committee on Ways and Means, to whom was referred the bill (H.R. 4722) to amend the Internal Revenue Code of 1986 to require inclusion of the taxpayer's social security number to claim the refundable portion of the child tax credit, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

CONTENTS

	Page
I. SUMMARY AND BACKGROUND	2
II. EXPLANATION OF THE BILL	3
A. Social Security Number Required To Claim The Refundable Child Tax Credit (sec. 1 of the bill and sec. 24 of the Code)	3
III. VOTES OF THE COMMITTEE	4
IV. BUDGET EFFECTS OF THE BILL	5
V. OTHER MATTERS TO BE DISCUSSED UNDER THE RULES OF THE HOUSE	10
VI. CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED	11
VII. DISSENTING VIEWS	28

The amendment is as follows:

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the “Refundable Child Tax Credit Eligibility Verification Reform Act of 2016”.

SEC. 2. SOCIAL SECURITY NUMBER REQUIRED TO CLAIM THE REFUNDABLE PORTION OF THE CHILD TAX CREDIT.

(a) **IN GENERAL.**—Section 24(d) of the Internal Revenue Code of 1986 is amended by adding at the end the following new paragraph:

“(6) **IDENTIFICATION REQUIREMENT.**—

“(A) **IN GENERAL.**—Paragraph (1) shall not apply to any taxpayer for any taxable year unless the taxpayer includes the taxpayer’s social security number on the return of tax for such taxable year.

“(B) **JOINT RETURNS.**—In the case of a joint return, the requirement of subparagraph (A) shall be treated as met if the social security number of either spouse is included on such return.

“(C) **SOCIAL SECURITY NUMBER.**—For purposes of this paragraph, the term ‘social security number’ means a social security number issued to an individual by the Social Security Administration (other than a social security number issued pursuant to subclause (II) (or that portion of subclause (III) that relates to subclause (II)) of section 205(c)(2)(B)(i) of the Social Security Act).”.

(b) **OMISSIONS TREATED AS MATHEMATICAL OR CLERICAL ERROR.**—Section 6213(g)(2)(I) of such Code is amended to read as follows:

“(I) an omission of a correct social security number required under section 24(d)(6) (relating to refundable portion of child tax credit), or a correct TIN required under section 24(e) (relating to child tax credit), to be included on a return,”.

(c) **EFFECTIVE DATE.**—The amendments made by this section shall apply to taxable years beginning after December 31, 2015.

I. SUMMARY AND BACKGROUND**A. PURPOSE AND SUMMARY**

H.R. 4722, as reported by the Committee on Ways and Means, adds a Social Security number requirement to the refundable portion of the child tax credit.

B. BACKGROUND AND NEED FOR LEGISLATION

While the Committee continues actively to pursue comprehensive tax reform as a critical means of promoting economic growth and job creation, the Committee also believes that it is important to eliminate waste, fraud, and abuse in the tax code. By adding an SSN requirement to the refundable portion of the child tax credit, H.R. 4722 ensures that improper payments of the refundable child tax credit to those not authorized to work in the United States will be minimized.

C. LEGISLATIVE HISTORY*Background*

H.R. 4722 was introduced on March 10, 2016, and was referred to the Committee on Ways and Means.

Committee action

The Committee on Ways and Means marked up H.R. 4722, the “Refundable Child Tax Credit Eligibility Verification Reform Act of 2016,” on March 16, 2016, and ordered the bill, as amended, favorably reported (with a quorum being present).

Committee hearings

Improper child tax credit payments to those without SSNs were discussed at an Oversight Subcommittee Hearing on Improper Payments in the Administration of Refundable Tax Credits on May 25, 2011.

II. EXPLANATION OF THE BILL**A. SOCIAL SECURITY NUMBER REQUIRED TO CLAIM THE REFUNDABLE CHILD TAX CREDIT (SEC. 1 OF THE BILL AND SEC. 24 OF THE CODE)**

PRESENT LAW

An individual may claim a tax credit for each qualifying child under the age of 17.¹ The maximum amount of the credit per child is \$1,000. A child who is not a citizen, national, or resident of the United States cannot be a qualifying child. The child tax credit is allowable against both the regular tax and the alternative minimum tax.

To the extent that the child tax credit cannot offset the taxpayer's tax liability (because the taxpayer's tax liability has otherwise been reduced to zero), the taxpayer may be eligible for an additional credit which is refundable. The additional credit (also known as the refundable child tax credit) is an amount equal to the greater of (1) 15 percent of the taxpayer's earned income in excess of \$3,000, or (2) in the case of a family with three or more children, the amount by which the taxpayer's social security taxes exceed the earned income tax credit.

Any individual filing a U.S. tax return is required to state his or her taxpayer identification number on such return. Generally, a taxpayer identification number is the individual's Social Security number ("SSN").² However, in the case of individuals who are not eligible to be issued an SSN, but who still have a tax filing obligation, the IRS issues IRS individual taxpayer identification numbers ("ITIN") for use in connection with the individual's tax filing requirements.³ An individual who is eligible to receive an SSN may not obtain an ITIN for purposes of his or her tax filing obligations.⁴ An ITIN does not provide eligibility to work in the United States or claim Social Security benefits.

No child tax credit is allowed to any taxpayer with respect to any qualifying child unless the taxpayer includes the name and the taxpayer identification number of the qualifying child on the return of tax for the taxable year. For these purposes, a taxpayer identification number may be either an SSN, an ITIN, or an IRS adoption taxpayer identification number ("ATIN").

REASONS FOR CHANGE

Given that the refundable portion of the child tax credit requires earned income as a condition of eligibility, the Committee believes that additional steps should be taken to ensure that those who can-

¹Sec. 24. Unless otherwise specified, all section references are made to the Internal Revenue Code of 1986, as amended.

²Sec. 6109(a).

³Treas. Reg. Sec. 301.6109-1(d)(3)(i).

⁴Treas. Reg. Sec. 301.6109-1(d)(3)(ii).

not legally earn income in the United States cannot collect the refundable portion of this credit. The Committee observes that, in 1996, Congress enacted legislation making those without SSNs ineligible to receive the earned income tax credit, a similar refundable tax credit. The Committee believes that in order to prevent abuse in the refundable portion of the child tax credit—such as that identified in the Tax Inspector General for Tax Administration’s report⁵—the SSN requirement should be extended to the refundable portion of the child tax credit as well.

EXPLANATION OF PROVISION

The provision adds a requirement for a taxpayer to report an SSN (in the case of a joint return, the SSN of at least one spouse) on the tax return in order to claim the additional child tax credit. Thus, under the provision, a taxpayer whose taxpayer identification number is an ITIN (in the case of married taxpayers, where both taxpayers’ identification numbers are ITINs) cannot claim the refundable child tax credit.

EFFECTIVE DATE

The provision is effective for taxable years beginning after December 31, 2015.

III. VOTES OF THE COMMITTEE

In compliance with clause 3(b) of rule XIII of the Rules of the House of Representatives, the following statement is made concerning the vote of the Committee on Ways and Means in its consideration of H.R. 4722, the “Refundable Child Tax Credit Eligibility Verification Reform Act of 2016” on March 16, 2016.

MOTION TO REPORT THE BILL

The bill, H.R. 4722, was ordered favorably reported to the House of Representatives as amended by a roll call vote of 21 yeas to 15 nays (with a quorum being present). The vote was as follows:

Representative	Yea	Nay	Present	Representative	Yea	Nay	Present
Mr. Brady	X	.....	.....	Mr. Levin .....	.....	X	.....
Mr. Johnson	X	.....	.....	Mr. Rangel .....	.....	X	.....
Mr. Nunes .....	.....	.....	.....	Mr. McDermott .....	.....	X	.....
Mr. Tiberi	X	.....	.....	Mr. Lewis .....	.....	X	.....
Mr. Reichert	X	.....	.....	Mr. Neal .....	.....	X	.....
Mr. Boustany	X	.....	.....	Mr. Becerra .....	.....	X	.....
Mr. Roskam	X	.....	.....	Mr. Doggett .....	.....	X	.....
Mr. Price .....	.....	.....	.....	Mr. Thompson .....	.....	X	.....
Mr. Buchanan .....	.....	.....	.....	Mr. Larson .....	.....	X	.....
Mr. Smith (NE)	X	.....	.....	Mr. Blumenauer .....	.....	X	.....
Ms. Jenkins	X	.....	.....	Mr. Kind .....	.....	X	.....
Mr. Paulsen	X	.....	.....	Mr. Pascrell .....	.....	X	.....
Mr. Marchant	X	.....	.....	Mr. Crowley .....	.....	X	.....
Ms. Black	X	.....	.....	Mr. Davis .....	.....	X	.....
Mr. Reed	X	.....	.....	Ms. Sanchez .....	.....	X	.....
Mr. Young	X	.....	.....		
Mr. Kelly	X	.....	.....		

⁵Treasury Inspector General For Tax Administration, *Individuals Who Are Not Authorized To Work In The United States Were Paid \$4.2 Billion In Refundable Credits*, July 7, 2011.

Representative	Yea	Nay	Present	Representative	Yea	Nay	Present
Mr. Renacci	X	.....	.....		
Mr. Meehan	X	.....	.....		
Ms. Noem	X	.....	.....		
Mr. Holding	X	.....	.....		
Mr. Smith (MO)	X	.....	.....		
Mr. Dold	X	.....	.....		
Mr. Rice	X	.....	.....		

IV. BUDGET EFFECTS OF THE BILL

A. COMMITTEE ESTIMATE OF BUDGETARY EFFECTS

In compliance with clause 3(d) of rule XIII of the Rules of the House of Representatives, the following statement is made concerning the effects on the budget of the bill, H.R. 4722, as reported.

The bill, as reported, is estimated to have the following effect on Federal fiscal year budget receipts for the period 2016–2026:

FISCAL YEARS
[Billions of dollars]

Item	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2016-20	2016-26
Require SSN of either taxpayer for refundable child credit ¹	—	2.5	2.3	2.1	2.0	2.0	1.9	1.8	1.8	1.7	1.7	10.9	19.9
NOTE: Details may not add to totals due to rounding.													
¹ Estimate contains the following outlay effects:													
Require SSN of either taxpayer for refundable child credit	—	-2.5	-2.3	-2.1	-2.0	-2.0	-1.9	-1.8	-1.8	-1.7	-1.7	-10.9	-19.9

Pursuant to clause 8 of rule XIII of the Rules of the House of Representatives, the following statement is made by the Joint Committee on Taxation with respect to the provisions of the bill amending the Internal Revenue Code of 1986: the gross budgetary effect (before incorporating macroeconomic effects) in any fiscal year is less than 0.25 percent of the current projected gross domestic product of the United States for that fiscal year; therefore, the bill is not “major legislation” for purposes of requiring that the estimate include the budgetary effects of changes in economic output, employment, capital stock and other macroeconomic variables.

B. STATEMENT REGARDING NEW BUDGET AUTHORITY AND TAX EXPENDITURES BUDGET AUTHORITY

In compliance with clause 3(c)(2) of rule XIII of the Rules of the House of Representatives, the Committee states that the bill involves no new or increased budget authority. The Committee further states that there are no new or increased tax expenditures.

C. COST ESTIMATE PREPARED BY THE CONGRESSIONAL BUDGET OFFICE

In compliance with clause 3(c)(3) of rule XIII of the Rules of the House of Representatives, requiring a cost estimate prepared by the CBO, the following statement by CBO is provided.

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, March 22, 2016.

Hon. KEVIN BRADY,
Chairman, Committee on Ways and Means, House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 4722, the Refundable Child Tax Credit Eligibility Verification Reform Act of 2016.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Peter Huether.

Sincerely,

KEITH HALL.

Enclosure.

H.R. 4722—Refundable Child Tax Credit Eligibility Verification Reform Act of 2016

H.R. 4722 would amend the Internal Revenue Code to require taxpayers to provide their Social Security Number (SSN) to claim the refundable portion of the child tax credit. Under current law, taxpayers who have either an individual taxpayer identification number or an SSN and include it on their income tax return can claim a tax credit of \$1,000 for each of their qualifying children under the age of 17. If the credit exceeds the tax liability of the taxpayer, the excess may be refundable depending on the taxpayer's earnings, and the refunded portion is classified as an outlay in the federal budget.

The staff of the Joint Committee on Taxation (JCT) estimates that the legislation would reduce outlays by \$10.9 billion over the

2016–2021 period and by \$19.9 billion over the 2016–2026 period. This bill would not affect revenues.

The Statutory Pay-As-You-Go Act of 2010 establishes budget-reporting and enforcement procedures for legislation affecting direct spending and revenues. Enacting H.R. 4722 would result in a reduction in outlays in each year beginning in 2017. The estimated decreases in the deficit are shown in the following table.

CBO ESTIMATE OF PAY-AS-YOU-GO EFFECTS FOR H.R. 4722, AS ORDERED REPORTED BY THE HOUSE COMMITTEE ON WAYS AND MEANS ON MARCH 16, 2016.

	By fiscal year, in millions of dollars—												
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2016-2021	2016-2026
Statutory Pay-As-You-Go Impact	0	-2,512	-2,302	-2,130	-2,027	-1,955	-1,903	-1,849	-1,790	-1,741	-1,706	-10,926	-19,916
	NET DECREASE (-) IN THE DEFICIT												

Source: Staff of the Joint Committee on Taxation.

Note: Components may not sum to total because of rounding.

JCT estimates that enacting the bill would not increase net direct spending or on-budget deficits in any of the four 10-year periods beginning in 2027.

JCT has determined that the bill contains no intergovernmental mandates but would impose a private-sector mandate as defined in the Unfunded Mandates Reform Act (UMRA). Based on information provided by JCT, the cost of the private-sector mandate would exceed the annual threshold established in UMRA for private-sector mandates (\$157 million in 2016, adjusted annually for inflation) beginning in 2017.

The CBO staff contact for this estimate is Peter Huether. The estimate was approved by Mark Booth, Unit Chief, Revenue Estimating.

V. OTHER MATTERS TO BE DISCUSSED UNDER THE RULES OF THE HOUSE

A. COMMITTEE OVERSIGHT FINDINGS AND RECOMMENDATIONS

With respect to clause 3(c)(1) of rule XIII of the Rules of the House of Representatives (relating to oversight findings), the Committee advises that it was as a result of the Committee's review of the provisions of H.R. 4722 that the Committee concluded that it is appropriate to report the bill, as amended, favorably to the House of Representatives with the recommendation that the bill do pass.

B. STATEMENT OF GENERAL PERFORMANCE GOALS AND OBJECTIVES

With respect to clause 3(c)(4) of rule XIII of the Rules of the House of Representatives, the Committee advises that the bill contains no measure that authorizes funding, so no statement of general performance goals and objectives for which any measure authorizes funding is required.

C. INFORMATION RELATING TO UNFUNDED MANDATES

This information is provided in accordance with section 423 of the Unfunded Mandates Reform Act of 1995 (Pub. L. No. 104-4).

The Committee has determined that the bill contains one private sector mandate: requiring those who claim the refundable child tax to credit enter a Social Security Number on their tax return. The Committee has determined that the bill does not impose a Federal intergovernmental mandate on State, local, or tribal governments.

D. APPLICABILITY OF HOUSE RULE XXI 5(b)

Rule XXI 5(b) of the Rules of the House of Representatives provides, in part, that "A bill or joint resolution, amendment, or conference report carrying a Federal income tax rate increase may not be considered as passed or agreed to unless so determined by a vote of not less than three-fifths of the Members voting, a quorum being present." The Committee has carefully reviewed the bill, and states that the bill does not involve any Federal income tax rate increases within the meaning of the rule.

E. TAX COMPLEXITY ANALYSIS

Section 4022(b) of the Internal Revenue Service Restructuring and Reform Act of 1998 (“IRS Reform Act”) requires the staff of the Joint Committee on Taxation (in consultation with the Internal Revenue Service and the Treasury Department) to provide a tax complexity analysis. The complexity analysis is required for all legislation reported by the Senate Committee on Finance, the House Committee on Ways and Means, or any committee of conference if the legislation includes a provision that directly or indirectly amends the Internal Revenue Code and has widespread applicability to individuals or small businesses.

Pursuant to clause 3(h)(1) of rule XIII of the Rules of the House of Representatives, the staff of the Joint Committee on Taxation has determined that a complexity analysis is not required under section 4022(b) of the IRS Reform Act because the bill contains no provisions that amend the Internal Revenue Code and that have “widespread applicability” to individuals or small businesses, within the meaning of the rule.

F. CONGRESSIONAL EARMARKS, LIMITED TAX BENEFITS, AND LIMITED TARIFF BENEFITS

With respect to clause 9 of rule XXI of the Rules of the House of Representatives, the Committee has carefully reviewed the provisions of the bill and states that the provisions of the bill do not contain any congressional earmarks, limited tax benefits, or limited tariff benefits within the meaning of the rule.

G. DUPLICATION OF FEDERAL PROGRAMS

In compliance with Sec. 3(g)(2) of H. Res. 5 (114th Congress), the Committee states that no provision of the bill establishes or reauthorizes: (1) a program of the Federal Government known to be duplicative of another Federal program, (2) a program included in any report from the Government Accountability Office to Congress pursuant to section 21 of Public Law 111–139, or (3) a program related to a program identified in the most recent Catalog of Federal Domestic Assistance, published pursuant to the Federal Program Information Act (Public Law 95–220, as amended by Public Law 98–169).

H. DISCLOSURE OF DIRECTED RULE MAKINGS

In compliance with Sec. 3(i) of H. Res. 5 (114th Congress), the following statement is made concerning directed rule makings: The Committee estimates that the bill requires no directed rule makings within the meaning of such section.

VI. CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

A. TEXT OF EXISTING LAW AMENDED OR REPEALED BY THE BILL, AS REPORTED

In compliance with clause 3(e)(1)(A) of rule XIII of the Rules of the House of Representatives, the text of each section proposed to be amended or repealed by the bill, as reported, is shown below:

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e)(1)(A) of rule XIII of the Rules of the House of Representatives, the text of each section proposed to be amended or repealed by the bill, as reported, is shown below:

INTERNAL REVENUE CODE OF 1986

* * * * *

Subtitle A—Income Taxes

* * * * *

CHAPTER 1—NORMAL TAXES AND SURTAXES

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Subchapter A—Determination of Tax Liability

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PART IV—CREDITS AGAINST TAX

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Subpart A—Nonrefundable Personal Credits

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SEC. 24. CHILD TAX CREDIT.

(a) ALLOWANCE OF CREDIT.—There shall be allowed as a credit against the tax imposed by this chapter for the taxable year with respect to each qualifying child of the taxpayer for which the taxpayer is allowed a deduction under section 151 an amount equal to \$1,000.

(b) LIMITATIONS.—

(1) LIMITATION BASED ON ADJUSTED GROSS INCOME.—The amount of the credit allowable under subsection (a) shall be reduced (but not below zero) by \$50 for each \$1,000 (or fraction thereof) by which the taxpayer's modified adjusted gross income exceeds the threshold amount. For purposes of the preceding sentence, the term "modified adjusted gross income" means adjusted gross income increased by any amount excluded from gross income under section 911, 931, or 933.

(2) THRESHOLD AMOUNT.—For purposes of paragraph (1), the term "threshold amount" means—

(A) \$110,000 in the case of a joint return,

(B) \$75,000 in the case of an individual who is not married, and

(C) \$55,000 in the case of a married individual filing a separate return.

For purposes of this paragraph, marital status shall be determined under section 7703.

(c) QUALIFYING CHILD.—For purposes of this section—

(1) IN GENERAL.—The term “qualifying child” means a qualifying child of the taxpayer (as defined in section 152(c)) who has not attained age 17.

(2) EXCEPTION FOR CERTAIN NONCITIZENS.—The term “qualifying child” shall not include any individual who would not be a dependent if subparagraph (A) of section 152(b)(3) were applied without regard to all that follows “resident of the United States”.

(d) PORTION OF CREDIT REFUNDABLE.—

(1) IN GENERAL.—The aggregate credits allowed to a taxpayer under subpart C shall be increased by the lesser of—

(A) the credit which would be allowed under this section without regard to this subsection and the limitation under section 26(a) or

(B) the amount by which the aggregate amount of credits allowed by this subpart (determined without regard to this subsection) would increase if the limitation imposed by section 26(a) were increased by the greater of—

(i) 15 percent of so much of the taxpayer’s earned income (within the meaning of section 32) which is taken into account in computing taxable income for the taxable year as exceeds \$3,000, or

(ii) in the case of a taxpayer with 3 or more qualifying children, the excess (if any) of—

(I) the taxpayer’s social security taxes for the taxable year, over

(II) the credit allowed under section 32 for the taxable year.

The amount of the credit allowed under this subsection shall not be treated as a credit allowed under this subpart and shall reduce the amount of credit otherwise allowable under subsection (a) without regard to section 26(a). For purposes of subparagraph (B), any amount excluded from gross income by reason of section 112 shall be treated as earned income which is taken into account in computing taxable income for the taxable year.

(2) SOCIAL SECURITY TAXES.—For purposes of paragraph (1)—

(A) IN GENERAL.—The term “social security taxes” means, with respect to any taxpayer for any taxable year—

(i) the amount of the taxes imposed by sections 3101 and 3201(a) on amounts received by the taxpayer during the calendar year in which the taxable year begins,

(ii) 50 percent of the taxes imposed by section 1401 on the self-employment income of the taxpayer for the taxable year, and

(iii) 50 percent of the taxes imposed by section 3211(a) on amounts received by the taxpayer during the calendar year in which the taxable year begins.

(B) COORDINATION WITH SPECIAL REFUND OF SOCIAL SECURITY TAXES.—The term “social security taxes” shall not include any taxes to the extent the taxpayer is entitled to a special refund of such taxes under section 6413(c).

(C) SPECIAL RULE.—Any amounts paid pursuant to an agreement under section 3121(l) (relating to agreements

entered into by American employers with respect to foreign affiliates) which are equivalent to the taxes referred to in subparagraph (A)(i) shall be treated as taxes referred to in such subparagraph.

(5) EXCEPTION FOR TAXPAYERS EXCLUDING FOREIGN EARNED INCOME.—Paragraph (1) shall not apply to any taxpayer for any taxable year if such taxpayer elects to exclude any amount from gross income under section 911 for such taxable year.

(e) IDENTIFICATION REQUIREMENTS.—

(1) QUALIFYING CHILD IDENTIFICATION REQUIREMENT.—No credit shall be allowed under this section to a taxpayer with respect to any qualifying child unless the taxpayer includes the name and taxpayer identification number of such qualifying child on the return of tax for the taxable year and such taxpayer identification number was issued on or before the due date for filing such return.

(2) TAXPAYER IDENTIFICATION REQUIREMENT.—No credit shall be allowed under this section if the identifying number of the taxpayer was issued after the due date for filing the return for the taxable year.

(f) TAXABLE YEAR MUST BE FULL TAXABLE YEAR.—Except in the case of a taxable year closed by reason of the death of the taxpayer, no credit shall be allowable under this section in the case of a taxable year covering a period of less than 12 months.

(g) RESTRICTIONS ON TAXPAYERS WHO IMPROPERLY CLAIMED CREDIT IN PRIOR YEAR.—

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

(A) IN GENERAL.—No credit shall be allowed under this section for any taxable year in the disallowance period.

(B) DISALLOWANCE PERIOD.—For purposes of subparagraph (A), the disallowance period is—

(i) the period of 10 taxable years after the most recent taxable year for which there was a final determination that the taxpayer's claim of credit under this section was due to fraud, and

(ii) the period of 2 taxable years after the most recent taxable year for which there was a final determination that the taxpayer's claim of credit under this section was due to reckless or intentional disregard of rules and regulations (but not due to fraud).

(2) TAXPAYERS MAKING IMPROPER PRIOR CLAIMS.—In the case of a taxpayer who is denied credit under this section for any taxable year as a result of the deficiency procedures under subchapter B of chapter 63, no credit shall be allowed under this section for any subsequent taxable year unless the taxpayer provides such information as the Secretary may require to demonstrate eligibility for such credit.

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Subtitle F—Procedure and Administration

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CHAPTER 63—ASSESSMENT

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Subchapter B—Deficiency Procedures in the Case of Income, Estate, Gift, and Certain Excise Taxes

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SEC. 6213. RESTRICTIONS APPLICABLE TO DEFICIENCIES; PETITION TO TAX COURT.

(a) **TIME FOR FILING PETITION AND RESTRICTION ON ASSESSMENT.**—Within 90 days, or 150 days if the notice is addressed to a person outside the United States, after the notice of deficiency authorized in section 6212 is mailed (not counting Saturday, Sunday, or a legal holiday in the District of Columbia as the last day), the taxpayer may file a petition with the Tax Court for a redetermination of the deficiency. Except as otherwise provided in section 6851, 6852, or 6861 no assessment of a deficiency in respect of any tax imposed by subtitle A, or B, chapter 41, 42, 43, or 44 and no levy or proceeding in court for its collection shall be made, begun, or prosecuted until such notice has been mailed to the taxpayer, nor until the expiration of such 90-day or 150-day period, as the case may be, nor, if a petition has been filed with the Tax Court, until the decision of the Tax Court has become final. Notwithstanding the provisions of section 7421(a), the making of such assessment or the beginning of such proceeding or levy during the time such prohibition is in force may be enjoined by a proceeding in the proper court, including the Tax Court, and a refund may be ordered by such court of any amount collected within the period during which the Secretary is prohibited from collecting by levy or through a proceeding in court under the provisions of this subsection. The Tax Court shall have no jurisdiction to enjoin any action or proceeding or order any refund under this subsection unless a timely petition for a redetermination of the deficiency has been filed and then only in respect of the deficiency that is the subject of such petition. Any petition filed with the Tax Court on or before the last date specified for filing such petition by the Secretary in the notice of deficiency shall be treated as timely filed.

(b) **EXCEPTIONS TO RESTRICTIONS ON ASSESSMENT.**—

(1) **ASSESSMENTS ARISING OUT OF MATHEMATICAL OR CLERICAL ERRORS.**—If the taxpayer is notified that, on account of a mathematical or clerical error appearing on the return, an amount of tax in excess of that shown on the return is due, and that an assessment of the tax has been or will be made on the basis of what would have been the correct amount of tax but for the mathematical or clerical error, such notice shall not be considered as a notice of deficiency for the purposes of subsection (a) (prohibiting assessment and collection until notice of the deficiency has been mailed), or of section 6212(c)(1) (restricting further deficiency letters), or of section 6512(a) (prohibiting credits or refunds after petition to the Tax Court), and the taxpayer shall have no right to file a petition with the Tax Court based on such notice, nor shall such assessment or collection be prohibited by the provisions of subsection (a) of this

section. Each notice under this paragraph shall set forth the error alleged and an explanation thereof.

(2) ABATEMENT OF ASSESSMENT OF MATHEMATICAL OR CLERICAL ERRORS.—

(A) REQUEST FOR ABATEMENT.—Notwithstanding section 6404(b), a taxpayer may file with the Secretary within 60 days after notice is sent under paragraph (1) a request for an abatement of any assessment specified in such notice, and upon receipt of such request, the Secretary shall abate the assessment. Any reassessment of the tax with respect to which an abatement is made under this subparagraph shall be subject to the deficiency procedures prescribed by this subchapter.

(B) STAY OF COLLECTION.—In the case of any assessment referred to in paragraph (1), notwithstanding paragraph (1), no levy or proceeding in court for the collection of such assessment shall be made, begun, or prosecuted during the period in which such assessment may be abated under this paragraph.

(3) ASSESSMENTS ARISING OUT OF TENTATIVE CARRYBACK OR REFUND ADJUSTMENTS.—If the Secretary determines that the amount applied, credited, or refunded under section 6411 is in excess of the overassessment attributable to the carryback or the amount described in section 1341(b)(1) with respect to which such amount was applied, credited, or refunded, he may assess without regard to the provisions of paragraph (2) the amount of the excess as a deficiency as if it were due to a mathematical or clerical error appearing on the return.

(4) ASSESSMENT OF AMOUNT PAID.—Any amount paid as a tax or in respect of a tax may be assessed upon the receipt of such payment notwithstanding the provisions of subsection (a). In any case where such amount is paid after the mailing of a notice of deficiency under section 6212, such payment shall not deprive the Tax Court of jurisdiction over such deficiency determined under section 6211 without regard to such assessment.

(5) CERTAIN ORDERS OF CRIMINAL RESTITUTION.—If the taxpayer is notified that an assessment has been or will be made pursuant to section 6201(a)(4)—

(A) such notice shall not be considered as a notice of deficiency for the purposes of subsection (a) (prohibiting assessment and collection until notice of the deficiency has been mailed), section 6212(c)(1) (restricting further deficiency letters), or section 6512(a) (prohibiting credits or refunds after petition to the Tax Court), and

(B) subsection (a) shall not apply with respect to the amount of such assessment.

(c) FAILURE TO FILE PETITION.—If the taxpayer does not file a petition with the Tax Court within the time prescribed in subsection (a), the deficiency, notice of which has been mailed to the taxpayer, shall be assessed, and shall be paid upon notice and demand from the Secretary.

(d) WAIVER OF RESTRICTIONS.—The taxpayer shall at any time (whether or not a notice of deficiency has been issued) have the right, by a signed notice in writing filed with the Secretary, to

waive the restrictions provided in subsection (a) on the assessment and collection of the whole or any part of the deficiency.

(e) **SUSPENSION OF FILING PERIOD FOR CERTAIN EXCISE TAXES.**—The running of the time prescribed by subsection (a) for filing a petition in the Tax Court with respect to the taxes imposed by section 4941 (relating to taxes on self-dealing), 4942 (relating to taxes on failure to distribute income), 4943 (relating to taxes on excess business holdings), 4944 (relating to investments which jeopardize charitable purpose), 4945 (relating to taxes on taxable expenditures), 4951 (relating to taxes on self-dealing), or 4952 (relating to taxes on taxable expenditures), 4955 (relating to taxes on political expenditures), 4958 (relating to private excess benefit), 4971 (relating to excise taxes on failure to meet minimum funding standard), 4975 (relating to excise taxes on prohibited transactions) shall be suspended for any period during which the Secretary has extended the time allowed for making correction under section 4963(e).

(f) **COORDINATION WITH TITLE 11.**—

(1) **SUSPENSION OF RUNNING OF PERIOD FOR FILING PETITION IN TITLE 11 CASES.**—In any case under title 11 of the United States Code, the running of the time prescribed by subsection (a) for filing a petition in the Tax Court with respect to any deficiency shall be suspended for the period during which the debtor is prohibited by reason of such case from filing a petition in the Tax Court with respect to such deficiency, and for 60 days thereafter.

(2) **CERTAIN ACTION NOT TAKEN INTO ACCOUNT.**—For purposes of the second and third sentences of subsection (a), the filing of a proof of claim or request for payment (or the taking of any other action) in a case under title 11 of the United States Code shall not be treated as action prohibited by such second sentence.

(g) **DEFINITIONS.**—For purposes of this section—

(1) **RETURN.**—The term “return” includes any return, statement, schedule, or list, and any amendment or supplement thereto, filed with respect to any tax imposed by subtitle A or B, or chapter 41, 42, 43, or 44.

(2) **MATHEMATICAL OR CLERICAL ERROR.**—The term “mathematical or clerical error” means—

(A) an error in addition, subtraction, multiplication, or division shown on any return,

(B) an incorrect use of any table provided by the Internal Revenue Service with respect to any return if such incorrect use is apparent from the existence of other information on the return,

(C) an entry on a return of an item which is inconsistent with another entry of the same or another item on such return,

(D) an omission of information which is required to be supplied on the return to substantiate an entry on the return,

(E) an entry on a return of a deduction or credit in an amount which exceeds a statutory limit imposed by subtitle A or B, or chapter 41, 42, 43, or 44, if such limit is expressed—

(i) as a specified monetary amount, or

(ii) as a percentage, ratio, or fraction, and if the items entering into the application of such limit appear on such return,

(F) an omission of a correct taxpayer identification number required under section 32 (relating to the earned income credit) to be included on a return,

(G) an entry on a return claiming the credit under section 32 with respect to net earnings from self-employment described in section 32(c)(2)(A) to the extent the tax imposed by section 1401 (relating to self-employment tax) on such net earnings has not been paid,

(H) an omission of a correct TIN required under section 21 (relating to expenses for household and dependent care services necessary for gainful employment) or section 151 (relating to allowance of deductions for personal exemptions),

(I) an omission of a correct TIN required under section 24(e) (relating to child tax credit) to be included on a return,

(J) an omission of a correct TIN required under section 5A(g)(1) (relating to higher education tuition and related expenses) to be included on a return,

(K) an omission of information required by section 32(k)(2) (relating to taxpayers making improper prior claims of earned income credit) or an entry on the return claiming the credit under section 32 for a taxable year for which the credit is disallowed under subsection (k)(1) thereof,

(L) the inclusion on a return of a TIN required to be included on the return under section 21, 24, or 32 if—

(i) such TIN is of an individual whose age affects the amount of the credit under such section, and

(ii) the computation of the credit on the return reflects the treatment of such individual as being of an age different from the individual's age based on such TIN,

(M) the entry on the return claiming the credit under section 32 with respect to a child if, according to the Federal Case Registry of Child Support Orders established under section 453(h) of the Social Security Act, the taxpayer is a noncustodial parent of such child,

(N) an omission of any increase required under section 36(f) with respect to the recapture of a credit allowed under section 36;

(O) the inclusion on a return of an individual taxpayer identification number issued under section 6109(i) which has expired, been revoked by the Secretary, or is otherwise invalid

(P) an omission of information required by section 24(h)(2) or an entry on the return claiming the credit under section 24 for a taxable year for which the credit is disallowed under subsection (h)(1) thereof, and

(Q) an omission of information required by section 25A(i)(8)(B) or an entry on the return claiming the credit determined under section 25A(i) for a taxable year for

which the credit is disallowed under paragraph (8)(A) thereof.

A taxpayer shall be treated as having omitted a correct TIN for purposes of the preceding sentence if information provided by the taxpayer on the return with respect to the individual whose TIN was provided differs from the information the Secretary obtains from the person issuing the TIN.

(h) CROSS REFERENCES.—

(1) For assessment as if a mathematical error on the return, in the case of erroneous claims for income tax prepayment credits, see section 6201(a)(3).

(2) For assessments without regard to restrictions imposed by this section in the case of—

(A) Recovery of foreign income taxes, see section 905(c).

(B) Recovery of foreign estate tax, see section 2016.

(3) For provisions relating to application of this subchapter in the case of certain partnership items, etc., see section 6230(a).

* * * * *

B. CHANGES IN EXISTING LAW PROPOSED BY THE BILL, AS REPORTED

In compliance with clause 3(e)(1)(B) of rule XIII of the Rules of the House of Representatives, changes in existing law proposed by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e)(1)(B) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, and existing law in which no change is proposed is shown in roman):

INTERNAL REVENUE CODE OF 1986

* * * * *

Subtitle A—Income Taxes

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CHAPTER 1—NORMAL TAXES AND SURTAXES

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Subchapter A—Determination of Tax Liability

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PART IV—CREDITS AGAINST TAX

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Subpart A—Nonrefundable Personal Credits

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SEC. 24. CHILD TAX CREDIT.

(a) **ALLOWANCE OF CREDIT.**—There shall be allowed as a credit against the tax imposed by this chapter for the taxable year with respect to each qualifying child of the taxpayer for which the taxpayer is allowed a deduction under section 151 an amount equal to \$1,000.

(b) **LIMITATIONS.**—

(1) **LIMITATION BASED ON ADJUSTED GROSS INCOME.**—The amount of the credit allowable under subsection (a) shall be reduced (but not below zero) by \$50 for each \$1,000 (or fraction thereof) by which the taxpayer's modified adjusted gross income exceeds the threshold amount. For purposes of the preceding sentence, the term "modified adjusted gross income" means adjusted gross income increased by any amount excluded from gross income under section 911, 931, or 933.

(2) **THRESHOLD AMOUNT.**—For purposes of paragraph (1), the term "threshold amount" means—

(A) \$110,000 in the case of a joint return,

(B) \$75,000 in the case of an individual who is not married, and

(C) \$55,000 in the case of a married individual filing a separate return.

For purposes of this paragraph, marital status shall be determined under section 7703.

(c) **QUALIFYING CHILD.**—For purposes of this section—

(1) **IN GENERAL.**—The term "qualifying child" means a qualifying child of the taxpayer (as defined in section 152(c)) who has not attained age 17.

(2) **EXCEPTION FOR CERTAIN NONCITIZENS.**—The term "qualifying child" shall not include any individual who would not be a dependent if subparagraph (A) of section 152(b)(3) were applied without regard to all that follows "resident of the United States".

(d) **PORTION OF CREDIT REFUNDABLE.**—

(1) **IN GENERAL.**—The aggregate credits allowed to a taxpayer under subpart C shall be increased by the lesser of—

(A) the credit which would be allowed under this section without regard to this subsection and the limitation under section 26(a) or

(B) the amount by which the aggregate amount of credits allowed by this subpart (determined without regard to this subsection) would increase if the limitation imposed by section 26(a) were increased by the greater of—

(i) 15 percent of so much of the taxpayer's earned income (within the meaning of section 32) which is taken into account in computing taxable income for the taxable year as exceeds \$3,000, or

(ii) in the case of a taxpayer with 3 or more qualifying children, the excess (if any) of—

(I) the taxpayer's social security taxes for the taxable year, over

(II) the credit allowed under section 32 for the taxable year.

The amount of the credit allowed under this subsection shall not be treated as a credit allowed under this subpart and shall reduce the amount of credit otherwise allowable under subsection (a) without regard to section 26(a). For purposes of subparagraph (B), any amount excluded from gross income by reason of section 112 shall be treated as earned income which is taken into account in computing taxable income for the taxable year.

(2) SOCIAL SECURITY TAXES.—For purposes of paragraph (1)—

(A) IN GENERAL.—The term “social security taxes” means, with respect to any taxpayer for any taxable year—

(i) the amount of the taxes imposed by sections 3101 and 3201(a) on amounts received by the taxpayer during the calendar year in which the taxable year begins,

(ii) 50 percent of the taxes imposed by section 1401 on the self-employment income of the taxpayer for the taxable year, and

(iii) 50 percent of the taxes imposed by section 3211(a) on amounts received by the taxpayer during the calendar year in which the taxable year begins.

(B) COORDINATION WITH SPECIAL REFUND OF SOCIAL SECURITY TAXES.—The term “social security taxes” shall not include any taxes to the extent the taxpayer is entitled to a special refund of such taxes under section 6413(c).

(C) SPECIAL RULE.—Any amounts paid pursuant to an agreement under section 3121(l) (relating to agreements entered into by American employers with respect to foreign affiliates) which are equivalent to the taxes referred to in subparagraph (A)(i) shall be treated as taxes referred to in such subparagraph.

(5) EXCEPTION FOR TAXPAYERS EXCLUDING FOREIGN EARNED INCOME.—Paragraph (1) shall not apply to any taxpayer for any taxable year if such taxpayer elects to exclude any amount from gross income under section 911 for such taxable year.

(6) IDENTIFICATION REQUIREMENT.—

(A) IN GENERAL.—*Paragraph (1) shall not apply to any taxpayer for any taxable year unless the taxpayer includes the taxpayer's social security number on the return of tax for such taxable year.*

(B) JOINT RETURNS.—*In the case of a joint return, the requirement of subparagraph (A) shall be treated as met if the social security number of either spouse is included on such return.*

(C) SOCIAL SECURITY NUMBER.—*For purposes of this paragraph, the term “social security number” means a social security number issued to an individual by the Social Security Administration (other than a social security number issued pursuant to subclause (II) (or that portion of subclause (III) that relates to subclause (II)) of section 205(c)(2)(B)(i) of the Social Security Act).*

(e) IDENTIFICATION REQUIREMENTS.—

(1) QUALIFYING CHILD IDENTIFICATION REQUIREMENT.—No credit shall be allowed under this section to a taxpayer with respect to any qualifying child unless the taxpayer includes the name and taxpayer identification number of such qualifying child on the return of tax for the taxable year and such taxpayer identification number was issued on or before the due date for filing such return.

(2) TAXPAYER IDENTIFICATION REQUIREMENT.—No credit shall be allowed under this section if the identifying number of the taxpayer was issued after the due date for filing the return for the taxable year.

(f) TAXABLE YEAR MUST BE FULL TAXABLE YEAR.—Except in the case of a taxable year closed by reason of the death of the taxpayer, no credit shall be allowable under this section in the case of a taxable year covering a period of less than 12 months.

(g) RESTRICTIONS ON TAXPAYERS WHO IMPROPERLY CLAIMED CREDIT IN PRIOR YEAR.—

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

(A) IN GENERAL.—No credit shall be allowed under this section for any taxable year in the disallowance period.

(B) DISALLOWANCE PERIOD.—For purposes of subparagraph (A), the disallowance period is—

(i) the period of 10 taxable years after the most recent taxable year for which there was a final determination that the taxpayer's claim of credit under this section was due to fraud, and

(ii) the period of 2 taxable years after the most recent taxable year for which there was a final determination that the taxpayer's claim of credit under this section was due to reckless or intentional disregard of rules and regulations (but not due to fraud).

(2) TAXPAYERS MAKING IMPROPER PRIOR CLAIMS.—In the case of a taxpayer who is denied credit under this section for any taxable year as a result of the deficiency procedures under subchapter B of chapter 63, no credit shall be allowed under this section for any subsequent taxable year unless the taxpayer provides such information as the Secretary may require to demonstrate eligibility for such credit.

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Subtitle F—Procedure and Administration

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CHAPTER 63—ASSESSMENT

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Subchapter B—Deficiency Procedures in the Case of Income, Estate, Gift, and Certain Excise Taxes

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SEC. 6213. RESTRICTIONS APPLICABLE TO DEFICIENCIES; PETITION TO TAX COURT.

(a) **TIME FOR FILING PETITION AND RESTRICTION ON ASSESSMENT.**—Within 90 days, or 150 days if the notice is addressed to a person outside the United States, after the notice of deficiency authorized in section 6212 is mailed (not counting Saturday, Sunday, or a legal holiday in the District of Columbia as the last day), the taxpayer may file a petition with the Tax Court for a redetermination of the deficiency. Except as otherwise provided in section 6851, 6852, or 6861 no assessment of a deficiency in respect of any tax imposed by subtitle A, or B, chapter 41, 42, 43, or 44 and no levy or proceeding in court for its collection shall be made, begun, or prosecuted until such notice has been mailed to the taxpayer, nor until the expiration of such 90-day or 150-day period, as the case may be, nor, if a petition has been filed with the Tax Court, until the decision of the Tax Court has become final. Notwithstanding the provisions of section 7421(a), the making of such assessment or the beginning of such proceeding or levy during the time such prohibition is in force may be enjoined by a proceeding in the proper court, including the Tax Court, and a refund may be ordered by such court of any amount collected within the period during which the Secretary is prohibited from collecting by levy or through a proceeding in court under the provisions of this subsection. The Tax Court shall have no jurisdiction to enjoin any action or proceeding or order any refund under this subsection unless a timely petition for a redetermination of the deficiency has been filed and then only in respect of the deficiency that is the subject of such petition. Any petition filed with the Tax Court on or before the last date specified for filing such petition by the Secretary in the notice of deficiency shall be treated as timely filed.

(b) **EXCEPTIONS TO RESTRICTIONS ON ASSESSMENT.**—

(1) **ASSESSMENTS ARISING OUT OF MATHEMATICAL OR CLERICAL ERRORS.**—If the taxpayer is notified that, on account of a mathematical or clerical error appearing on the return, an amount of tax in excess of that shown on the return is due, and that an assessment of the tax has been or will be made on the basis of what would have been the correct amount of tax but for the mathematical or clerical error, such notice shall not be considered as a notice of deficiency for the purposes of subsection (a) (prohibiting assessment and collection until notice of the deficiency has been mailed), or of section 6212(c)(1) (restricting further deficiency letters), or of section 6512(a) (prohibiting credits or refunds after petition to the Tax Court), and the taxpayer shall have no right to file a petition with the Tax Court based on such notice, nor shall such assessment or collection be prohibited by the provisions of subsection (a) of this section. Each notice under this paragraph shall set forth the error alleged and an explanation thereof.

(2) **ABATEMENT OF ASSESSMENT OF MATHEMATICAL OR CLERICAL ERRORS.**—

(A) REQUEST FOR ABATEMENT.—Notwithstanding section 6404(b), a taxpayer may file with the Secretary within 60 days after notice is sent under paragraph (1) a request for an abatement of any assessment specified in such notice, and upon receipt of such request, the Secretary shall abate the assessment. Any reassessment of the tax with respect to which an abatement is made under this subparagraph shall be subject to the deficiency procedures prescribed by this subchapter.

(B) STAY OF COLLECTION.—In the case of any assessment referred to in paragraph (1), notwithstanding paragraph (1), no levy or proceeding in court for the collection of such assessment shall be made, begun, or prosecuted during the period in which such assessment may be abated under this paragraph.

(3) ASSESSMENTS ARISING OUT OF TENTATIVE CARRYBACK OR REFUND ADJUSTMENTS.—If the Secretary determines that the amount applied, credited, or refunded under section 6411 is in excess of the overassessment attributable to the carryback or the amount described in section 1341(b)(1) with respect to which such amount was applied, credited, or refunded, he may assess without regard to the provisions of paragraph (2) the amount of the excess as a deficiency as if it were due to a mathematical or clerical error appearing on the return.

(4) ASSESSMENT OF AMOUNT PAID.—Any amount paid as a tax or in respect of a tax may be assessed upon the receipt of such payment notwithstanding the provisions of subsection (a). In any case where such amount is paid after the mailing of a notice of deficiency under section 6212, such payment shall not deprive the Tax Court of jurisdiction over such deficiency determined under section 6211 without regard to such assessment.

(5) CERTAIN ORDERS OF CRIMINAL RESTITUTION.—If the taxpayer is notified that an assessment has been or will be made pursuant to section 6201(a)(4)—

(A) such notice shall not be considered as a notice of deficiency for the purposes of subsection (a) (prohibiting assessment and collection until notice of the deficiency has been mailed), section 6212(c)(1) (restricting further deficiency letters), or section 6512(a) (prohibiting credits or refunds after petition to the Tax Court), and

(B) subsection (a) shall not apply with respect to the amount of such assessment.

(c) FAILURE TO FILE PETITION.—If the taxpayer does not file a petition with the Tax Court within the time prescribed in subsection (a), the deficiency, notice of which has been mailed to the taxpayer, shall be assessed, and shall be paid upon notice and demand from the Secretary.

(d) WAIVER OF RESTRICTIONS.—The taxpayer shall at any time (whether or not a notice of deficiency has been issued) have the right, by a signed notice in writing filed with the Secretary, to waive the restrictions provided in subsection (a) on the assessment and collection of the whole or any part of the deficiency.

(e) SUSPENSION OF FILING PERIOD FOR CERTAIN EXCISE TAXES.—The running of the time prescribed by subsection (a) for filing a pe-

tition in the Tax Court with respect to the taxes imposed by section 4941 (relating to taxes on self-dealing), 4942 (relating to taxes on failure to distribute income), 4943 (relating to taxes on excess business holdings), 4944 (relating to investments which jeopardize charitable purpose), 4945 (relating to taxes on taxable expenditures), 4951 (relating to taxes on self-dealing), or 4952 (relating to taxes on taxable expenditures), 4955 (relating to taxes on political expenditures), 4958 (relating to private excess benefit), 4971 (relating to excise taxes on failure to meet minimum funding standard), 4975 (relating to excise taxes on prohibited transactions) shall be suspended for any period during which the Secretary has extended the time allowed for making correction under section 4963(e).

(f) COORDINATION WITH TITLE 11.—

(1) SUSPENSION OF RUNNING OF PERIOD FOR FILING PETITION IN TITLE 11 CASES.—In any case under title 11 of the United States Code, the running of the time prescribed by subsection (a) for filing a petition in the Tax Court with respect to any deficiency shall be suspended for the period during which the debtor is prohibited by reason of such case from filing a petition in the Tax Court with respect to such deficiency, and for 60 days thereafter.

(2) CERTAIN ACTION NOT TAKEN INTO ACCOUNT.—For purposes of the second and third sentences of subsection (a), the filing of a proof of claim or request for payment (or the taking of any other action) in a case under title 11 of the United States Code shall not be treated as action prohibited by such second sentence.

(g) DEFINITIONS.—For purposes of this section—

(1) RETURN.—The term “return” includes any return, statement, schedule, or list, and any amendment or supplement thereto, filed with respect to any tax imposed by subtitle A or B, or chapter 41, 42, 43, or 44.

(2) MATHEMATICAL OR CLERICAL ERROR.—The term “mathematical or clerical error” means—

(A) an error in addition, subtraction, multiplication, or division shown on any return,

(B) an incorrect use of any table provided by the Internal Revenue Service with respect to any return if such incorrect use is apparent from the existence of other information on the return,

(C) an entry on a return of an item which is inconsistent with another entry of the same or another item on such return,

(D) an omission of information which is required to be supplied on the return to substantiate an entry on the return,

(E) an entry on a return of a deduction or credit in an amount which exceeds a statutory limit imposed by subtitle A or B, or chapter 41, 42, 43, or 44, if such limit is expressed—

(i) as a specified monetary amount, or

(ii) as a percentage, ratio, or fraction, and if the items entering into the application of such limit appear on such return,

(F) an omission of a correct taxpayer identification number required under section 32 (relating to the earned income credit) to be included on a return,

(G) an entry on a return claiming the credit under section 32 with respect to net earnings from self-employment described in section 32(c)(2)(A) to the extent the tax imposed by section 1401 (relating to self-employment tax) on such net earnings has not been paid,

(H) an omission of a correct TIN required under section 21 (relating to expenses for household and dependent care services necessary for gainful employment) or section 151 (relating to allowance of deductions for personal exemptions),

[(I) an omission of a correct TIN required under section 24(e) (relating to child tax credit) to be included on a return,]

(I) an omission of a correct social security number required under section 24(d)(6) (relating to refundable portion of child tax credit), or a correct TIN required under section 24(e) (relating to child tax credit), to be included on a return,

(J) an omission of a correct TIN required under section 5A(g)(1) (relating to higher education tuition and related expenses) to be included on a return,

(K) an omission of information required by section 32(k)(2) (relating to taxpayers making improper prior claims of earned income credit) or an entry on the return claiming the credit under section 32 for a taxable year for which the credit is disallowed under subsection (k)(1) thereof,

(L) the inclusion on a return of a TIN required to be included on the return under section 21, 24, or 32 if—

(i) such TIN is of an individual whose age affects the amount of the credit under such section, and

(ii) the computation of the credit on the return reflects the treatment of such individual as being of an age different from the individual's age based on such TIN,

(M) the entry on the return claiming the credit under section 32 with respect to a child if, according to the Federal Case Registry of Child Support Orders established under section 453(h) of the Social Security Act, the taxpayer is a noncustodial parent of such child,

(N) an omission of any increase required under section 36(f) with respect to the recapture of a credit allowed under section 36;

(O) the inclusion on a return of an individual taxpayer identification number issued under section 6109(i) which has expired, been revoked by the Secretary, or is otherwise invalid

(P) an omission of information required by section 24(h)(2) or an entry on the return claiming the credit under section 24 for a taxable year for which the credit is disallowed under subsection (h)(1) thereof, and

(Q) an omission of information required by section 25A(i)(8)(B) or an entry on the return claiming the credit determined under section 25A(i) for a taxable year for which the credit is disallowed under paragraph (8)(A) thereof.

A taxpayer shall be treated as having omitted a correct TIN for purposes of the preceding sentence if information provided by the taxpayer on the return with respect to the individual whose TIN was provided differs from the information the Secretary obtains from the person issuing the TIN.

(h) CROSS REFERENCES.—

(1) For assessment as if a mathematical error on the return, in the case of erroneous claims for income tax prepayment credits, see section 6201(a)(3).

(2) For assessments without regard to restrictions imposed by this section in the case of—

(A) Recovery of foreign income taxes, see section 905(c).

(B) Recovery of foreign estate tax, see section 2016.

(3) For provisions relating to application of this subchapter in the case of certain partnership items, etc., see section 6230(a).

* * * * *

VII. DISSENTING VIEWS

With the economy still recovering and hardworking Americans feeling left behind, we should be focusing in our Committee on proposals to grow the economy, create good-paying jobs, and strengthen the programs that reduce poverty and protect children and seniors, not tearing those very programs apart. This bill was part of a misguided effort to win support from extreme, right-wing Republicans for their party's budget resolution. Committee Democrats strongly oppose both this specific bill and the general tactic of appeasing hardliners by offering legislation that harms seniors, children, and Americans trying to work their way out of poverty and obtain health coverage for their families.

The Committee Democrats unanimously opposed H.R. 4722 at the Committee mark up. This legislation would effectively eliminate the refundable portion of the Child Tax Credit for 1.5 million low-income working families and 3 million children. The Child Tax Credit was first enacted in 1997, on a bipartisan basis, as a means of fighting poverty and easing the financial burden that families—particularly low income families—incur when they have children. Unfortunately, the Majority's position on helping low-income families with children has since changed, as the \$19.6 billion in revenue estimated to be raised by this bill will come directly from these families—the very population the Child Tax Credit was designed to serve.

We support proposals to reduce fraud, waste, and abuse. But this legislation serves only to limit a critical benefit to working low-income families with children. In 2013, more than 35 million families claimed the Child Tax Credit, and more than 20 million families claimed the Additional Child Tax Credit. The average adjusted gross income of families claiming this credit was about \$22,400, nearly \$1,000 below the federal poverty level. The average amount claimed was \$1,300. If H.R. 4722 is passed it would effectively push these working families and their children even further into poverty. Furthermore, the Joint Committee on Taxation estimates that this legislation will burden the neediest families. More than 70 percent of the impact will be felt by families making less than \$33,900.

We are concerned that this legislation would harm children who are United States citizens. More specifically, it would harm American children who are United States citizens living in immigrant families. In 2013, more than nine in ten children (95 percent) claimed under the Child Tax Credit were United States citizens with 93 percent claiming the Additional Child Tax Credit.

Even with the Child Tax Credit and other successful anti-poverty tools, an unacceptable number of children in the United States live in poverty. After falling sharply in the 1990s, the child poverty rate has steadily increased over the last decade, although less than it would have without anti-poverty measures like the Child Tax Cred-

it. Immigrant families and their children have been among those most affected by the rise. Today, more than one-quarter of children of immigrants live in poor families, and more than half live in low-income families.

Furthermore, under H.R. 4722 Latino children would be the hardest hit. Forty percent of children living in poverty are Latino and 4.5 million of those live in mixed status families. Unlike the Earned Income Tax Credit that is designed to promote work, the Child Tax Credit is designed to fight child poverty and ensure the well-being of children. In 2013, the Child Tax Credit lifted 5 million children out of poverty. This legislation would reduce the effectiveness of the Child Tax Credit as an anti-poverty measure for more than three million children.

There is no doubt that we need more revenue to maintain a functioning, effective government. But it seems that we should start by asking from those who have the most, not those who have the least. While Republicans say that they are interested in addressing poverty, they continue to bring forth bills such as H.R. 4722 that would cut or end programs like the Child Tax Credit that have kept millions of children out of poverty.

SANDER M. LEVIN,
Ranking Member.

