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

IN THE SENATE OF THE UNITED STATES

JUNE 14, 2023

Mr. Brown (for himself, Mr. Bennet, Mr. Booker, Mr. Warnock, Mr. Wyden, Mr. Durbin, Ms. Baldwin, Mr. Blumenthal, Ms. Cantwell, Mr. Cardin, Mr. Casey, Mr. Coons, Ms. Cortez Masto, Ms. Duckworth, Mrs. Feinstein, Mr. Fetterman, Mrs. Gillibrand, Ms. Hassan, Mr. Heinrich, Ms. Hirono, Mr. Kaine, Mr. King, Ms. Klobuchar, Mr. Markey, Mr. Merkley, Mr. Murphy, Mrs. Murray, Mr. Peters, Mr. Reed, Ms. Rosen, Mr. Sanders, Mr. Schatz, Mr. Schumer, Mrs. Shaheen, Ms. Smith, Ms. Stabenow, Mr. Van Hollen, Mr. Warner, Ms. Warren, Mr. Welch, and Mr. Whitehouse) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

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

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “Working Families Tax Relief Act of 2023”.
TITLE I—EXPANSION OF THE EARNED INCOME CREDIT

SEC. 101. PERMANENT EXTENSION OF EARNED INCOME CREDIT RULES FOR INDIVIDUALS WITHOUT QUALIFYING CHILDREN.

(a) Decrease in Minimum Age for Credit.—

(1) In general.—Subclause (II) of section 32(c)(1)(A)(ii) of the Internal Revenue Code of 1986 is amended by striking “age 25” and inserting “the applicable minimum age”.

(2) Applicable Minimum Age.—Paragraph (1) of section 32(c) of such Code is amended by adding at the end the following new subparagraph:

“(F) Applicable minimum age.—For purposes of this paragraph—

“(i) In general.—The term ‘applicable minimum age’ means—

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

“(II) in the case of a specified student (other than a qualified former foster youth or a qualified homeless youth), age 24, and
“(III) in the case of a qualified former foster youth or a qualified homeless youth, age 18.

“(ii) SPECIFIED STUDENT.—For purposes of this subparagraph, the term ‘specified student’ means, with respect to any taxable year, an individual who is an eligible student (as defined in section 25A(b)(3)) during at least 5 calendar months during the taxable year.

“(iii) QUALIFIED FORMER FOSTER YOUTH.—For purposes of this subparagraph, the term ‘qualified former foster youth’ means an individual who—

“(I) on or after the date that such individual attained age 14, was in foster care provided under the supervision or administration of an entity administering (or eligible to administer) a plan under part B or part E of title IV of the Social Security Act (without regard to whether Federal assistance was provided with respect to such child under such part E), and
“(II) provides (in such manner as the Secretary may provide) consent for entities which administer a plan under part B or part E of title IV of the Social Security Act to disclose to the Secretary information related to the status of such individual as a qualified former foster youth.

“(iv) QUALIFIED HOMELESS YOUTH.—For purposes of this subparagraph, the term ‘qualified homeless youth’ means, with respect to any taxable year, an individual who certifies, in a manner as provided by the Secretary, that such individual is either an unaccompanied youth who is a homeless child or youth, or is unaccompanied, at risk of homelessness, and self-supporting.”.

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

(e) INCREASE IN CREDIT AND PHASEOUT PERCENTAGES.—The table contained in paragraph (1) of section 32(b) of the Internal Revenue Code of 1986 is amended
by striking “7.65” each place it appears and inserting “15.3”.

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

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

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

(e) INFLATION ADJUSTMENTS.—

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

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

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

“(B) 2024, in the case of the dollar amounts in the third row of the table in subsection (b)(2)(A), and

“(C) 2015, in any other case,

each of the dollar amounts in subsections (b)(2) and (i)(1) shall be increased by an amount equal to the inflation amount.”.
(2) **INFLATION AMOUNT.**—Subsection (j) of section 32 of such Code is amended by adding at the end the following new paragraph:

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

“(A) such dollar amount, multiplied by

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

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

“(ii) the CPI (as so defined) for—

“(I) in the case of amounts in the third row of the table in subsection (b)(2)(A), 2023,

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

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

“(IV) in the case of the $10,000 amount in subsection (i)(1), 2020.”.
(f) CONFORMING AMENDMENT.—Section 32 of the Internal Revenue Code of 1986 is amended by striking subsection (n).

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

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

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

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

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

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

(a) IN GENERAL.—Paragraph (2) of section 32(c) of the Internal Revenue Code of 1986 is amended by adding at the end the following new subparagraph:
“(C) Election to use prior year earned income.—

“(i) In general.—If the earned income of the taxpayer for any taxable year is less than the earned income of the taxpayer for the preceding taxable year, the credit allowed under subsection (a) may, at the election of the taxpayer, be determined by substituting—

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

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

“(ii) Application to joint returns.—For purposes of clause (i), in the case of a joint return, the earned income of the taxpayer for the preceding taxable year shall be the sum of the earned income of each spouse for such taxable year.

“(iii) Special rules.—

“(I) Errors treated as mathematical errors.—For purposes of section 6213, an incorrect use on a return of earned income pursuant to
clause (i) shall be treated as a mathematical or clerical error.

“(II) No effect on determination of gross income, etc.—Except as otherwise provided in this subparagraph, this title shall be applied without regard to any substitution under clause (i).”.

(b) Effective Date.—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 2023.

TITLE II—EXPANSION OF THE CHILD TAX CREDIT

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

(a) Credit Amount.—Subsection (a) of section 24 of the Internal Revenue Code of 1986 is amended by striking “equal to $1,000” and inserting “equal to—

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

“(2) the number of qualifying months of the taxpayer occurring during the taxable year.”.
(b) LIMITATION BASED ON ADJUSTED GROSS INCOME.—Subsection (b) of section 24 of the Internal Revenue Code of 1986 is amended to read as follows:

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

“(1) INITIAL REDUCTION.—

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

“(B) LIMITATION ON INITIAL REDUCTION.—The amount of the reduction under subparagraph (A) shall not exceed the lesser of—

“(i) the excess (if any) of—

“(I) the credit allowable under subsection (a) for the taxable year determined without regard to this paragraph, over

“(II) the amount which would be described in subclause (I) if subsection (a)(1) were applied by substituting ‘$166.67’ for ‘$250 ($300 in
the case of a qualifying child who has not attained age 6 as of the close of the taxable year)’ and subsection (i) did not apply, or

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

“(2) SECONDARY REDUCTION.—The amount of the credit allowable under subsection (a), determined after the application of paragraph (1), shall be further reduced (but not below zero) by 5 percent of the excess (if any) of the taxpayer’s modified adjusted gross income for the applicable taxable year over the secondary threshold amount.

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

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

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

“(ii) ½ the dollar amount in effect under clause (i), in the case of a married individual filing a separate return, and

“(iii) $112,500, in any other case.
“(B) Secondary threshold amount.—

The term ‘secondary threshold amount’ means—

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

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

“(iii) $200,000, in any other case.

“(4) Other terms.—For purposes of this subsection—

“(A) Applicable taxable year.—The term ‘applicable taxable year’ means, with respect to any taxable year for which the credit under this section is determined—

“(i) such taxable year, or

“(ii) if the taxpayer elects the application of this clause (at such time and in such form and manner as the Secretary may provide), the preceding taxable year or the second preceding taxable year (as specified in such election).

“(B) Modified adjusted gross income.—The term ‘modified adjusted gross in-
come’ means adjusted gross income increased by any amount excluded from gross income under section 911, 931, or 933.”.

(c) INFLATION ADJUSTMENTS.—Subsection (i) of section 24 of the Internal Revenue Code of 1986 is amended to read as follows:

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

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

“(A) such dollar amount, multiplied by

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

“(i) the CPI (as defined in section 1(f)(4)) for the calendar year preceding the calendar year in which such month begins, exceeds

“(ii) the CPI (as so defined) for calendar year 2023.

“(2) Rounding.—Any increase under the preceding sentence—

“(A) which is not a multiple of $10, in the case of the amount in subsection (a), shall be rounded to the nearest multiple of $10, and
“(B) which is not a multiple of $5,000, in the case of the amounts in subsection (b)(3)(A), shall be rounded to the nearest multiple of $5,000.”.

(d) QUALIFYING CHILD RULES.—

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

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

“(1) QUALIFYING MONTH.—

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

“(B) RULES FOR BIRTH OR DEATH OF A CHILD.—In the case of a child who is born or dies during the taxable year, any calendar month in such year which occurs before the month of such birth or after the month of such death shall be a qualifying month for the taxpayer who is treated as establishing presumptive eligibility with respect to such child pursuant to section 7527A(i)(2)(E).
“(2) QUALIFYING CHILD.—The term ‘qualifying child’ means, with respect to any taxpayer for any calendar month, an individual who—

“(A) has the same principal place of abode as the taxpayer for more than 1/2 of such month,

“(B) is younger than the taxpayer and will not, as of the close of the taxable year which includes such month, have attained age 18,

“(C) receives care from the taxpayer during such month which is not compensated,

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

“(E) either—

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

“(ii) if the taxpayer is a citizen or national of the United States, is described in section 152(f)(1)(B) with respect to such taxpayer.

“(3) CERTAIN INDIVIDUALS INELIGIBLE.—In the case of an individual who is a qualifying child with respect to another taxpayer for any calendar month, such individual shall be treated for such month as having no qualifying children.
“(4) CARE FROM THE TAXPAYER.—

“(A) IN GENERAL.—Except as otherwise provided by the Secretary, whether any individual receives care from the taxpayer (within the meaning of paragraph (2)(C)) shall be determined on the basis of facts and circumstances with respect to the following factors:

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

“(ii) The maintenance by the taxpayer of a secure environment at which the individual resides.

“(iii) The provision or arrangement by the taxpayer of, and transportation by the taxpayer to, medical care at regular intervals and as required for the individual.

“(iv) The involvement by the taxpayer in, and financial and other support by the taxpayer for, educational or similar activities of the individual.

“(v) Any other factor that the Secretary determines to be appropriate to de-
termine whether the individual receives care from the taxpayer.

“(B) Determination of whether care is compensated.—For purposes of determining if care is compensated within the meaning of paragraph (2)(C), compensation from the Federal Government, a State or local government, a Tribal government, or any possession of the United States shall not be taken into account.

“(5) Application of tie-breaker rules.—

“(A) In general.—Except as provided in subparagraph (D), if any individual would (but for this paragraph) be a qualifying child of 2 or more taxpayers for any month, such individual shall be treated as the qualifying child only of the taxpayer who is—

“(i) the parent of the individual (or, if such individual would (but for this paragraph) be a qualifying child of 2 or more parents of the individual for such month, the parent of the individual determined under subparagraph (B)),

“(ii) if the individual is not a qualifying child of any parent of the individual
(determined without regard to this paragraph), the specified relative of the individual with the highest adjusted gross income for the taxable year which includes such month, or

“(iii) if the individual is neither a qualifying child of any parent of the individual nor a qualifying child of any specified relative of the individual (in both cases determined without regard to this paragraph), the taxpayer with the highest adjusted gross income for the taxable year which includes such month.

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

“(i) the parent with whom the child resided for the longest period of time during such month, or

“(ii) if the child resides with both parents for the same amount of time during such month, the parent with the highest
adjusted gross income for the taxable year which includes such month.

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

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

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

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

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

“(i) such parent or specified relative elects to have such individual not be treated as a qualifying child of such parent or specified relative for such month,

“(ii) in the case of a parent of such individual, the adjusted gross income of the taxpayer (with respect to whom such individual would be treated as a qualifying child after application of this subpara-
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graph) for the taxable year which includes
such month is higher than the highest ad-
justed gross income of any parent of the
individual for the taxable year which in-
cludes such month (determined without re-
gard to any parent with respect to whom
such individual is not a qualifying child,
determined without regard to subpara-
graphs (A) and (B) and after application
of this subparagraph), and

“(iii) in the case of a specified relative
of such individual, the adjusted gross in-
come of the taxpayer (with respect to
whom such individual would be treated as
a qualifying child after application of this
subparagraph) for the taxable year which
includes such month is higher than the
highest adjusted gross income of any par-
ent and any specified relative of the indi-
vidual for the taxable year which includes
such month (determined without regard to
any parent and any specified relative with
respect to whom such individual is not a
qualifying child, determined without regard
to subparagraphs (A) and (B) and after application of this subparagraph).

“(E) Treatment of joint returns.—For purposes of this paragraph, the adjusted gross income of each person who files a joint return for the taxable year is the total adjusted gross income shown on the joint return for the taxable year.

“(F) Parent.—Except as otherwise provided by the Secretary, the term ‘parent’ shall have the same meaning as when used in section 152(c)(4).

“(6) Treatment of temporary absences.—Except as provided in regulations or other guidance issued by the Secretary, for purposes of this subsection—

“(A) In general.—In the case of any individual’s temporary absence from such individual’s principal place of abode, each day composing the temporary absence shall—

“(i) be treated as a day at such individual’s principal place of abode,

“(ii) be treated as satisfying the care requirement described in paragraph (2)(C) for each day described in clause (i), and
“(iii) not be treated as a day at any other location.

“(B) Temporary Absence.—For purposes of subparagraph (A), an absence shall be treated as temporary if—

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

“(ii) under the facts and circumstances, it is reasonable to assume that the individual will return to reside at the place of abode.

“(7) Special Rule for Divorced Parents, etc.—Rules similar to the rules section 152(e) shall apply for purposes of this subsection.

“(8) Eligibility Determined on Basis of Presumptive Eligibility.—

“(A) In General.—If a period of presumptive eligibility is established under section 7527A(i) for any individual with respect to any taxpayer—

“(i) such individual shall be treated as the qualifying child of such taxpayer for any month in such period of presumptive eligibility, and
“(ii) such individual shall not be treated as the qualifying child of any other taxpayer with respect to whom a period of presumptive eligibility has not been established for any such month.

“(B) ABILITY OF CREDIT CLAIMANTS TO ESTABLISH PRESUMPTIVE ELIGIBILITY.—Nothing in section 7527A(i) shall be interpreted to preclude a taxpayer from establishing a period of presumptive eligibility (including any such period described in section 7527A(i)(2)(D)) with respect to any qualifying child for purposes of this section solely because such taxpayer affirmatively elects not to receive monthly payments under section 7527A.”.

(2) CONFORMING AMENDMENTS.—

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

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

(i) by striking “any qualifying child (as defined in section 24(c))” and inserting “any child”, and
(ii) by inserting before the period the following: ‘‘, but only in the case of a child who is a qualifying child (as defined in section 152(c)) of the individual who has not attained age 17 and who would be a dependent if subparagraph (A) of section 152(b)(3) were applied without regard to all that follows ‘resident of the United States’’.

(e) FULLY REFUNDABLE CREDIT.—Subsection (d) of section 24 of the Internal Revenue Code of 1986 is amended to read as follows:

‘‘(d) CREDIT REFUNDABLE.—If the taxpayer (in the case of a joint return, either spouse) has a principal place of abode (determined as provided in section 32) in the United States or Puerto Rico for more than ½ of the taxable year, the credit otherwise allowed under subsection (a) shall be allowed under subpart C (and not allowed under this subpart).’’.

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

(1) IN GENERAL.—Subparagraph (A) of section 24(g)(1) of the Internal Revenue Code of 1986 is amended by striking ‘‘this section’’ and inserting
“this section (and no payment shall be made under section 7527A)”.

(2) CONFORMING AMENDMENTS.—

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

(i) by striking “this section” both places it appears and inserting “this sec-

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

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

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

“(iii) in addition to any period deter-

(B) Paragraph (2) of section 24(g) of such Code is amended by striking “no credit shall be allowed under this section” and inserting “no credit shall be allowed under this section (and
no payment shall be made under section 7527A).”.

(C) Subsection (g) of section 24 of such Code is amended by adding at the end the following new paragraph:

“(3) Coordination with possessions of the United States.—For purposes of this subsection, a taxpayer’s claim of credit under this section (or payment received under section 7527A) includes a claim of credit under this section of the income tax law of any jurisdiction other than the United States (or similar payment received under section 7527A of such income tax law), and a claim made or a payment received from American Samoa pursuant to a plan described in subsection (k)(3)(B).”.

(g) Monthly Advance Payment of Credit.—

(1) Recapture of excess advance payments in certain circumstances.—Subsection (j) of section 24 of the Internal Revenue Code of 1986 is amended—

(A) by striking subparagraph (B) of paragraph (2),

(B) by striking “Excess advance payments.—” and all that follows through “If”
and inserting “EXCESS ADVANCE PAYMENTS.—

In the case of a taxpayer described in para-
graph (3) for any taxable year, if”, and

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

“(3) TAXPAYERS SUBJECT TO RECAPTURE.—

“(A) FRAUD OR RECKLESS OR INTEN-
tional disregard of rules and regula-
tions.—A taxpayer is described in this para-
graph with respect to any taxable year if the
Secretary determines that the excess described
in paragraph (2) with respect to the taxpayer
for such taxable year was determined on the
basis of fraud or a reckless or intentional dis-
regard of rules and regulations.

“(B) UNDERSTATEMENT OF INCOME;
changes in filing status.—If the excess de-
scribed in paragraph (2) with respect to the
taxpayer for the taxable year was determined
on the basis of an amount of the taxpayer’s
modified adjusted gross income which was less
than the taxpayer’s modified adjusted gross in-
come for the applicable taxable year (as defined
in subsection (b))—
“(i) such taxpayer shall be treated as described in this paragraph, and

“(ii) the increase determined under paragraph (2) by reason of this subpara-

graph shall not exceed the excess of—

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

“(II) the aggregate amount of payments which would have been so made if such payments had been de-

termined on the basis of the taxpayer’s modified adjusted gross in-

come for the applicable taxable year (as defined in subsection (b)).

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

“(C) Payments made outside of pe-

riod of presumptive eligibility.—If any
payment described in paragraph (2) with respect to the taxpayer for the taxable year was made with respect to a child for a month which was not part of a period of presumptive eligibility established under section 7527A(i) for such child with respect to such taxpayer—

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

“(ii) the increase determined under paragraph (2) by reason of this subparagraph shall not exceed the portion of such payment so made.

“(D) CERTAIN PAYMENTS MADE AFTER NOTICE FROM SECRETARY.—If the Secretary notifies a taxpayer under section 7527A(d) that such taxpayer is subject to recapture with respect to any payments—

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

“(ii) the increase determined under paragraph (2) by reason of this subparagraph shall not exceed the aggregate amount of such payments.

“(E) TAXPAYERS MOVING TO ANOTHER JURISDICTION.—To minimize the amount of ad-
vance payments made under section 7527A to ineligible individuals, the Secretary shall issue regulations or other guidance for purposes of this paragraph which apply with respect to taxpayers who are described in subsection (d) with respect to the reference month but are not so described with respect to 1 or more months during the taxable year for which advance payments under section 7527A are made.

“(F) OTHER CIRCUMSTANCES TO PREVENT ABUSE.—A taxpayer is described in this paragraph with respect to any taxable year pursuant to regulations or other guidance of the Secretary describing other recapture circumstances to facilitate the administration and enforcement by the Secretary of section 7527A to minimize the amount of advance payments made under section 7527A to ineligible individuals and to prevent abuse.

“(4) JOINT RETURNS.—Except as otherwise provided by the Secretary, in the case of an advance payment made under section 7527A with respect to a joint return, half of such payment shall be treated as having been made to each individual filing such return.
“(5) Coordination with possessions of the United States.—For purposes of this subsection, payments made under section 7527A include payments made by any jurisdiction other than the United States under section 7527A of the income tax law of such jurisdiction, and advance payments made by American Samoa pursuant to a plan described in subsection (k)(3)(B). Any increase in tax imposed on a taxpayer by reason of paragraph (2) of the income tax law of a jurisdiction other than the United States shall be considered to reduce the aggregate amount of payments made to such taxpayer by such jurisdiction. In carrying out this section, the Secretary shall coordinate with each possession of the United States to prevent any application of this paragraph that is inconsistent with the purposes of this subsection.”.

(h) Application of Credit in Possessions.—

(1) Puerto Rico.—Paragraph (2) of subsection (k) of section 24 of the Internal Revenue Code of 1986 is amended to read as follows:

“(2) Cross references related to application of credit to residents of Puerto Rico.—
“(A) For application of refundable credit to residents of Puerto Rico, see subsection (d).

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

(2) AMERICAN SAMOA.—Paragraph (3) of subsection (k) of section 24 of the Internal Revenue Code of 1986 is amended—

(A) by striking “subsection (i)(1)” in subparagraph (A) and inserting “subsection (d)”;

(B) by striking subclause (II) of subparagraph (C)(ii), and

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

(i) CONFORMING AMENDMENTS.—Subsection (h) of section 24 of the Internal Revenue Code of 1986 is amended—

(1) by striking paragraphs (2), (3), (5), and (6) and redesignating paragraphs (4) and (7) as paragraphs (2) and (3), respectively,

(2) by striking “paragraphs (2) through (7)” in paragraph (1) and inserting “paragraphs (2) and (3)”,
(3) by striking “(after the application of paragraph (2))” in subparagraph (A) of paragraph (2), as so redesignated, and

(4) by striking “paragraph (7)” in subparagraph (C) of paragraph (2), as so redesignated, and inserting “paragraph (3)”.

(j) REGULATIONS.—Section 24 of the Internal Revenue Code of 1986 is amended by adding at the end the following new subsection:

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

“(1) for determining whether an individual receives care from a taxpayer for purposes of subsection (e)(1), and

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

“(A) whose filing status for a taxable year is different from the status used for determining one or more monthly payments under section 7527A during such taxable year, or

“(B) whose principal place of abode for any year is different from the principal place of
abode used for determining the monthly pay-
ment under section 7527A for such year.”.

(k) Monthly Advance Payment of Credit.—

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

(2) Monthly Advance Amount.—So much of
subsection (b) of section 7527A of such Code as pre-
cedes paragraph (4) thereof is amended to read as
follows:

“(b) Monthly Advance Amount.—For purposes
of this section—

“(1) In General.—Except as otherwise pro-
vided in this subsection, the term ‘monthly advance
amount’ means, with respect to any taxpayer for any
calendar month, the amount (if any) which is esti-
mated by the Secretary as being equal to the portion
of the amount which would be treated as allowed
under subpart C of part IV of subchapter A of chap-
ter 1 for the taxable year under section 24(d) by reason of such month being a qualifying month if—

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

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

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

“(D) unless otherwise determined by the Secretary based on any information known to the Secretary, the ages of such children (and the status of such children as qualifying children) are determined for such month by taking into account the passage of time since such reference month.

“(2) Reference taxable year; reference month.—
“(A) Reference taxable year.—Except as provided in paragraph (3)(A), the term ‘reference taxable year’ means, with respect to any taxpayer for any calendar month, the taxpayer’s taxable year beginning in the preceding calendar year or, in the case of a taxpayer who did not file a return of tax for such taxable year, the taxpayer’s taxable year beginning in the second preceding calendar year.

“(B) Reference month.—The term ‘reference month’ means, with respect to any taxpayer for any calendar month, the most recent of—

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

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

“(C) Availability of information.—Any month or year referred to in subparagraph (A) or (B) shall not be taken into account in determining the reference month or reference
taxable year with respect to any calendar month
unless all relevant information with respect to
such month or year is available to the Secretary
and the Secretary has adequate time to make
estimates under this section on the basis of
such information before the beginning of such
calendar month.

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

“(i) if a taxpayer is not described in
subparagraph (B)(ii) with respect to any
calendar month and did not file a return of
tax for either of the 2 taxable years de-
scribed in subparagraph (A) with respect
to such month, the monthly advance
amount with respect to such taxpayer for
such calendar month shall be treated as
zero unless the Secretary determines that
the Secretary can make the estimate de-
scribed in paragraph (1) on the basis of in-
formation known to the Secretary which
the Secretary determines is reasonably reli-
able, and
“(ii) if the taxpayer is not described in subparagraph (B)(ii) and the information on the return of tax filed for either of the 2 taxable years described in subparagraph (A) does not establish the status of the taxpayer (in the case of a joint return, either spouse) as having a principal place of abode (determined as provided in section 32) in the United States or Puerto Rico for more than ½ of the reference month, the Secretary shall determine such status based on information known to the Secretary.

“(E) SPECIFIED ALTERNATIVE MECHANISM.—The term ‘specified alternative mechanism’ means the on-line portal established under subsection (c) and any other mechanism or method established by the Secretary to allow taxpayers to provide the information described in subsection (c)(1) (including in connection with the filing of any return of tax).

“(3) MODIFICATIONS DURING CALENDAR YEAR.—

“(A) IN GENERAL.—The Secretary may modify, during any taxable year, the monthly
advance amount with respect to any taxpayer for any month occurring during such year to take into account—

“(i) a return of tax filed by such taxpayer during such taxable year (and the taxable year to which such return relates may be taken into account as the reference taxable year), and

“(ii) any other information provided by the taxpayer to the Secretary which allows the Secretary to determine payments under subsection (a) which, in the aggregate during any taxable year of the taxpayer, more closely total the Secretary’s estimate of the amount treated as allowed under subpart C of part IV of subchapter A of chapter 1 by reason of section 24(d) for such taxable year of such taxpayer.

“(B) ADJUSTMENT TO REFLECT EXCESS OR DEFICIT IN PRIOR PAYMENTS.—In the case of any modification of the monthly advance amount under subparagraph (A), the Secretary may adjust the amount of any monthly payment made after the date of such modification to properly take into account the amount by
which any monthly payment made before such
date was greater than or less than the amount
that such payment would have been on the
basis of the monthly advance amount as so
modified.”.

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

“(c) ON-LINE INFORMATION PORTAL.—

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

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

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

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

“(ii) the taxpayer’s marital status,
“(iii) the taxpayer’s modified adjusted gross income,

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

“(v) any other factor which the Secretary may provide.

“(2) Availability in multiple languages.—The Secretary shall ensure that the online portal described in paragraph (1) is available in multiple languages.”.

(4) Application of advance payments in possessions.—

(A) Puerto Rico.—Subparagraph (A) of section 7527A(e)(4) of such Code is amended to read as follows:

“(A) Puerto Rico.—

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

“(ii) For application of monthly advance payments to residents of Puerto Rico, see subsection (b)(1)(A).”.

(B) Conforming amendments.—Subparagraph (C) of section 7527A(e)(4) of such Code is amended by striking “with respect to
taxable years beginning in 2021’’ both places it appears in clauses (i) and (ii) and inserting ‘‘with respect to any taxable year’’. (5) ADMINISTRATIVE PROVISIONS.—

(A) IN GENERAL.—Subsection (e) of section 7527A of such Code is amended by adding at the end the following new paragraph:

‘‘(5) ASSIGNMENT OF BENEFITS.—

‘‘(A) IN GENERAL.—The right of any person to any applicable payment shall not be transferable or assignable, at law or in equity, and no applicable payment shall be subject to, execution, levy, attachment, garnishment, or other legal process, or the operation of any bankruptcy or insolvency law.

‘‘(B) ENCODING OF PAYMENTS.—In the case of an applicable payment described in subparagraph (E)(iii)(I) that is paid electronically by direct deposit through the Automated Clearing House (ACH) network, the Secretary of the Treasury (or the Secretary’s delegate) shall—

‘‘(i) issue the payment using a unique identifier that is reasonably sufficient to allow a financial institution to identify the payment as an applicable payment, and
“(ii) further encode the payment pursuant to the same specifications as required for a benefit payment defined in section 212.3 of title 31, Code of Federal Regulations.

“(C) GARNISHMENT.—

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

“(I) notwithstanding section 212.4 of title 31, Code of Federal Regulations (and except as provided in subclause (II)), a financial institution shall not fail to follow the procedures of sections 212.5 and 212.6 of such title with respect to a garnishment order merely because such order has attached, or includes, a notice of right to garnish federal benefits issued
by a State child support enforcement agency, and

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

“(ii) OTHER PAYMENTS.—In the case of a garnishment order (other than an order that has been served by the United States) that has been received by a financial institution and that applies to an account into which an applicable payment that has not been encoded as provided in subparagraph (B) has been deposited electronically on any date during the lookback period or into which an applicable payment that has been deposited by check on any date in the lookback period, the financial institution, upon the request of the account holder, shall treat the amount of the funds in the account at the time of the request, up to the amount of the applicable payment (in addition to any amounts other-
wise protected under part 212 of title 31, Code of Federal Regulations), as exempt from a garnishment order without requiring the consent of the party serving the garnishment order or the judgment creditor.

“(iii) LIABILITY.—A financial institution that acts in good faith in reliance on clauses (i) or (ii) shall not be subject to liability or regulatory action under any Federal or State law, regulation, court or other order, or regulatory interpretation for actions concerning any applicable payments.

“(D) NO RECLAMATION RIGHTS.—This paragraph shall not alter the status of applicable payments as tax refunds or other nonbenefit payments for purpose of any reclamation rights of the Department of the Treasury or the Internal Revenue Service as per part 210 of title 31, Code of Federal Regulations.

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

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

“(ii) Account review.—The term ‘account review’ means the process of examining deposits in an account to determine if an applicable payment has been deposited into the account during the lookback period. The financial institution shall perform the account review following the procedures outlined in section 212.5 of title 31, Code of Federal Regulations and in accordance with the requirements of section 212.6 of title 31, Code of Federal Regulations.

“(iii) Applicable payment.—The term ‘applicable payment’ means—

“(I) any payment made to an individual under this section (other than any payment made pursuant to paragraph (4)),

“(II) any advance payment made by a possession of the United States with a mirror code tax system (as defined in section 24(k)) pursuant to an election under paragraph (6)(B)
which corresponds to a payment described in subclause (I), and

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

“(iv) GARNISHMENT.—The term ‘garnishment’ means execution, levy, attachment, garnishment, or other legal process.

“(v) GARNISHMENT ORDER.—The term ‘garnishment order’ means a writ, order, notice, summons, judgment, levy, or similar written instruction issued by a court, a State or State agency, a municipality or municipal corporation, or a State child support enforcement agency, including a lien arising by operation of law for overdue child support or an order to freeze the assets in an account, to effect a garnishment against a debtor.

“(vi) LOOKBACK PERIOD.—The term ‘lookback period’ means the two month period that begins on the date preceding the date of account review and ends on the
corresponding date of the month two months earlier, or on the last date of the month two months earlier if the corresponding date does not exist.”

(B) APPLICATION OF CERTAIN RULES; EXTENSION.—Subsection (f) of section 7527A of such Code is amended to read as follows:

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

“(1) DEFINITIONS.—Except as otherwise provided in this section, terms used in this section which are also used in section 24 shall have the same respective meanings as when used in section 24.

“(2) IDENTIFICATION REQUIREMENTS.—Rules similar to the rules which apply under subsections (e) and (h)(3) shall apply for purposes of this section except that such rules shall apply with respect to the return of tax for the reference taxable year or, in the case of information provided through a specified alternative mechanism, with respect to the information provided through such mechanism.

“(3) RESTRICTIONS ON TAXPAYERS WHO IMPROPERLY CLAIMED CREDIT OR RECEIVED MONTHLY ADVANCE CHILD PAYMENTS.—For restrictions on
taxpayers who improperly claimed credit or received monthly advance child payments, see section 24(g).”.

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

(7) NOTIFICATION OF CERTAIN EVENTS.—Section 7527A of such Code is amended by redesignating subsection (g) as subsection (h) and by inserting after subsection (f) the following new subsection:

“(k) NOTIFICATION OF CERTAIN EVENTS.—With respect to any taxpayer receiving monthly payments under this section with respect to any qualifying child, the Secretary shall, to the maximum extent practicable, provide reasonable advance notice of each of the following:

“(1) Any month with respect to which such monthly payment will increase (relative to the preceding month) by reason of an inflation adjustment under section 24(i).

“(2) Any month with respect to which such monthly payment will be reduced (relative to the
preceding month) by reason of such child ceasing to be a qualifying child by reason of attaining age 18 during the taxable year.

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

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

(9) PRESumptive Eligibility.—Section 7527A of such Code, as amended by paragraph (7), is further amended by adding at the end the following new subsection:

“(i) PRESumptive Eligibility.—

“(1) IN GENERAL.—An individual shall be treated as a qualifying child of a taxpayer for purposes of determining any monthly payment under this section only if such month is part of the period of presumptive eligibility determined by the Secretary under this subsection with respect to such qualifying child and such taxpayer (determined by
treatting the month described in subclause (I) of paragraph (2)(A)(ii) as being the first month begin-
ning after the determination described in such sub-
clause).

“(2) Period of presumptive eligibility.—
For purposes of this section—

“(A) In general.—Except as otherwise
provided by the Secretary, the term ‘period of
presumptive eligibility’ means the period—

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

“(ii) ending with the earliest of—

“(I) the beginning of the month
described in clause (i) if the Secretary
determines that the taxpayer com-
mitted fraud or intentionally dis-
regarded rules or regulations in estab-
lishing or maintaining presumptive eligi-
bility,

“(II) in the case of any notifica-
tion from the Secretary that the pe-
riod of presumptive eligibility has
been terminated or suspended by rea-
son of any question regarding eligi-
bility of the taxpayer for monthly payments with respect to such child, the month specified in such notice as the month on which such termination or suspension begins, and

“(III) the month following any failure of the taxpayer to make the required annual renewal of presumptive eligibility by such date as the Secretary may provide.

“(B) Establishing presumptive eligibility.—A taxpayer shall establish presumptive eligibility with respect to any qualifying child for any month at such time and in such manner as the Secretary may provide. Except as otherwise provided by the Secretary, in order to establish a period of presumptive eligibility the taxpayer must express a reasonable expectation and intent that the taxpayer will continue to be eligible with respect to such qualifying child for at least the 2 months following the month for which presumptive eligibility is to be established.

“(C) Method of establishing presumptive eligibility.—The Secretary shall
ensure information to establish presumptive eligibility under this paragraph may be provided on the return of tax for the taxable year ending before the calendar year which includes the month for which such eligibility is to be established, through the on-line portal described in subsection (c), or in such other manner as the Secretary may provide.

“(D) INCLUSION OF AUTOMATIC GRACE PERIODS AND PERIODS OF HARDSHIP.—The period of presumptive eligibility shall include any period to which subparagraph (A) or (B) of paragraph (5) applies.

“(E) ELIGIBILITY FOR BIRTH OR DEATH OF CHILD.—The Secretary shall issue regulations or other guidance to establish procedures pursuant to which, to the maximum extent administratively practicable—

“(i) with respect to a child born during a calendar month—

“(I) a parent of such child is treated as automatically establishing presumptive eligibility with respect to such child,
“(II) the period of such automatic presumptive eligibility is determined, and

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

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

“(I) the taxpayer with respect to whom the child was a qualifying child for the last month the child was alive is treated as having established presumptive eligibility with respect to such child,

“(II) the period of such presumptive eligibility ends with the last day of the calendar year in which the child died, and

“(III) the monthly payments for the remainder of such calendar year
are determined and paid as if the child were alive.

“(F) Presumptive Eligibility Based on Certain Government Programs.—The Secretary shall issue regulations or other guidance to establish procedures under which—

“(i) based on information provided to the Secretary by 1 or more government entities, a parent or specified relative of a child is treated as automatically establishing presumptive eligibility with respect to such child, and

“(ii) the period for which such automatic presumptive eligibility is determined (including any additional circumstances under which such period will terminate).

“(G) Coordination with Presumption.—For purposes of determining the status of any individual as a qualifying child for purposes of determining presumptive eligibility with respect to any period, section 24(c) shall be applied without regard to paragraph (8) thereof.

“(3) Notice of Termination of Presumptive Eligibility by Reason of Failure to Make
ANNUAL RENEWAL.—If a taxpayer’s period of presumptive eligibility with respect to any qualifying child terminates by reason of paragraph (2)(A)(ii)(III), the Secretary shall provide the taxpayer a written notice of such termination.

“(4) QUALIFYING CHILD OF MORE THAN 1 TAXPAYER.—

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

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

“(ii) the Secretary shall establish procedures under which the Secretary expeditiously adjudicates taxpayers’ competing claims of presumptive eligibility with respect to the same child, and

“(iii) the Secretary shall notify any taxpayer of the termination of a period of
presumptive eligibility pursuant to this paragraph.

“(B) PROVISIONS RELATED TO ADJUDICATION.—

“(i) EXPEDITED PROCESS; APPEALS.—The procedures established under subparagraph (A)(ii) shall include—

“(I) an expedited process for taxpayers who meet such requirements as the Secretary may establish for such expedited process, and

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

“(ii) INFORMATION RECEIPT AND COORDINATION.—The Secretary may enter into agreements to receive information from, and otherwise coordinate with—

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

“(II) any State, local government, Tribal government, or possession of the United States, and

“(III) any other individual or entity that the Secretary determines to
be appropriate for purposes of adjudicating a competing claim described in subparagraph (A).

“(iii) ADJUDICATION NOT TREATED AS ASSESSMENT.—An adjudication under the procedures established under subparagraph (A)(ii) (including the adjudication of any appeal) shall not be treated as an assessment described in section 6201.

“(iv) ADJUDICATION NOT TREATED AS INSPECTION OF TAXPAYER’S BOOKS OF ACCOUNT.—The inspection of a taxpayer’s books of account in connection with any adjudication under the procedures established under subparagraph (A)(ii) (including the adjudication of any appeal) shall not be treated as an examination or inspection of a taxpayer’s books of account for purposes of section 7605(b).

“(C) RETROACTIVE PAYMENTS.—If, pursuant to the procedures established under subparagraph (A)(ii), the Secretary determines that a child is a qualifying child of a taxpayer and the Secretary did not make payments to such taxpayer with respect to such child for any
portion of the period during which the deter-
mination was made, the Secretary may make a
one-time payment to the taxpayer with respect
to which such child is the qualifying child in an
amount equal to the aggregate amount by
which the monthly payments to such taxpayer
would have increased during such period if such
determination had been made immediately.

“(D) Recapture of Payments.—If, pur-
suant to the procedures established under sub-
paragraph (A)(ii), the Secretary makes pay-
ments with respect to the child during the pe-
riod during which the determination is made—

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

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

“(5) Rules Related to Grace Periods and
Hardships.—
“(A) AUTOMATIC GRACE PERIOD.—

“(i) IN GENERAL.—Notwithstanding paragraph (4), in the case of any failure or delay in establishing a period of presumptive eligibility with respect to which the taxpayer elects the application of this clause, credit under section 24 or retroactive payment under this section (similar to the payment described in paragraph (4)(C)) shall be allowed or made with respect to so much of the period of such failure or delay as does not exceed 3 months. The preceding sentence shall not apply if the Secretary determines that such failure or delay was due to fraud or reckless or intentional disregard of rules and regulations.

“(ii) LIMITATION.—Clause (i) shall not apply with respect to any taxpayer more than once during any 36-month period.

“(B) HARDSHIP.—Notwithstanding paragraph (4), if the Secretary determines that a failure or delay in establishing a period of presumptive eligibility with respect to any quali-
fying child was due to domestic violence, serious illness, natural disaster, or any other hardship, credit under section 24 or retroactive payment under this section (similar to the payment described in paragraph (4)(C)) shall be allowed or made with respect to so much of the period of such failure or delay as does not exceed 6 months.”.

(l) Disclosure of Information Relating to Advance Payment of Child Tax Credit.—Section 6103(e) of the Internal Revenue Code of 1986 is amended by adding at the end the following new paragraph:

“(12) Disclosure of information relating to advance payment of child tax credit.—

“(A) Joint Filers.—In the case of an individual to whom the Secretary makes payments under section 7527A, if the reference taxable year (as defined in section 7527A(b)(2)(A)) that the Secretary uses to calculate such payments is a year for which the individual filed an income tax return jointly with another individual, the Secretary may disclose to such individual any information which is relevant in determining the payment under section 7527A and the individual’s eligibility for such
payment, including information regarding any of the following:

“(i) The number of qualifying children, including a child born during the taxable year.

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

“(iii) Marital status.

“(iv) Modified adjusted gross income.

“(v) Principal place of abode.

“(vi) Any other factor which the Secretary may provide pursuant to section 7527A(e).

“(B) COMPETING CLAIMANTS.—In the case of an individual who has a competing claim of presumptive eligibility with respect to a qualifying child under section 7527A(i)(4)(A), the Secretary may disclose to such individual return information provided by another individual who has a competing claim of presumptive eligibility with respect to the same qualifying child in the course of the Secretary’s adjudication of that competing claim, as well as any other information considered by the Secretary with respect to that competing claim. Such information shall be
limited to the items specified in subparagraph (A) and the following:

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

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

“(II) any other individual or entity that the Secretary determines to be appropriate for purposes of adjudicating a competing claim.

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

“(iii) Information considered by the Secretary about expenditures made by the claimants to the extent such payments relate to the competing claim.”.

(m) ADDITIONAL CONFORMING AMENDMENTS.—

(1) Section 6211(b)(4)(A) of such Code is amended by striking “subsections (d) and (i)(1)” and inserting “subsection (d)”.
(2) Section 6428(g)(3)(A) of such Code is amended by striking “24(h)(7)” and inserting “24(h)(3)”.

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

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