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(Original Signature of Member)

118TH CONGRESS
1ST SESSION

H. R. _____

To amend the Internal Revenue Code of 1986 to establish a refundable child tax credit with monthly advance payment.

IN THE HOUSE OF REPRESENTATIVES

Ms. DELAURO introduced the following bill; which was referred to the Committee on _____

A BILL

To amend the Internal Revenue Code of 1986 to establish a refundable child tax credit with monthly advance payment.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “American Family Act”.

5 **SEC. 2. ESTABLISHMENT OF REFUNDABLE CHILD TAX**
6 **CREDIT WITH MONTHLY ADVANCE PAYMENT.**

7 (a) IN GENERAL.—Subpart A of part IV of sub-
8 chapter A of chapter 1 of the Internal Revenue Code of

1 1986 is amended by inserting after section 24 the fol-
2 lowing new sections:

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

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

10 “(b) MONTHLY SPECIFIED CHILD ALLOWANCE.—

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

15 “(A) \$250, with respect to each specified
16 child of such taxpayer who will (as of the close
17 of such month) have attained age 6, plus

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

23 In the case of any specified child of such taxpayer
24 who will not (as of the close of such month) have at-
25 tained the age of 1 month, subparagraph (B) shall

1 be applied by substituting ‘800 percent’ for ‘120
2 percent’.

3 “(2) LIMITATIONS BASED ON MODIFIED AD-
4 JUSTED GROSS INCOME.—

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

14 “(B) LIMITATION ON INITIAL REDUC-
15 TION.—In the case of any calendar month be-
16 ginning before January 1, 2026, the amount of
17 the reduction under subparagraph (A) shall not
18 exceed the lesser of—

19 “(i) the excess (if any) of—

20 “(I) the monthly specified child
21 allowance with respect to the taxpayer
22 for such calendar month (determined
23 without regard to this paragraph),
24 over

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

6 “(ii) $\frac{1}{12}$ of 5 percent of the excess of
7 the secondary threshold amount over the
8 initial threshold amount.

9 “(C) SECONDARY REDUCTION.—In the
10 case of any calendar month beginning before
11 January 1, 2026, the monthly specified child al-
12 lowance otherwise determined under paragraph
13 (1) with respect to any taxpayer for such cal-
14 endar month (determined after the application
15 of subparagraphs (A) and (B)) shall be reduced
16 (but not below zero) by $\frac{1}{12}$ of 5 percent of the
17 excess (if any) of the taxpayer’s modified ad-
18 justed gross income for the applicable taxable
19 year over the secondary threshold amount.

20 “(D) DEFINITIONS RELATED TO LIMITA-
21 TIONS BASED ON MODIFIED ADJUSTED GROSS
22 INCOME.—For purposes of this paragraph—

23 “(i) INITIAL THRESHOLD AMOUNT.—
24 The term ‘initial threshold amount’
25 means—

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

4 “(II) $\frac{1}{2}$ the dollar amount in ef-
5 fect under subclause (I), in the case of
6 a married individual filing a separate
7 return, and

8 “(III) \$112,500, in any other
9 case.

10 “(ii) SECONDARY THRESHOLD
11 AMOUNT.—The term ‘secondary threshold
12 amount’ means—

13 “(I) \$400,000, in the case of a
14 joint return or surviving spouse (as
15 defined in section 2(a)),

16 “(II) \$300,000, in the case of a
17 head of household (as defined in sec-
18 tion 2(b)), and

19 “(III) \$200,000, in any other
20 case.

21 “(iii) APPLICABLE TAXABLE YEAR.—
22 The term ‘applicable taxable year’ means,
23 with respect to any taxable year for which
24 the credit under this section is deter-
25 mined—

1 “(I) such taxable year, or

2 “(II) if the taxpayer elects the
3 application of this subclause (at such
4 time and in such form and manner as
5 the Secretary may provide), the pre-
6 ceding taxable year or the second pre-
7 ceding taxable year (as specified in
8 such election).

9 “(iv) MODIFIED ADJUSTED GROSS IN-
10 COME.—The term ‘modified adjusted gross
11 income’ means adjusted gross income in-
12 creased by any amount excluded from
13 gross income under section 911, 931, or
14 933.

15 “(3) INFLATION ADJUSTMENTS.—

16 “(A) MONTHLY SPECIFIED CHILD ALLOW-
17 ANCE.—In the case of any month beginning
18 after December 31, 2023, the \$250 amount in
19 paragraph (1)(A) shall be increased by an
20 amount equal to—

21 “(i) such dollar amount, multiplied
22 by—

23 “(ii) the percentage (if any) by
24 which—

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

5 “(II) the CPI (as so defined) for
6 calendar year 2020.

7 “(B) INITIAL THRESHOLD AMOUNT.—In
8 the case of any taxable year beginning after De-
9 cember 31, 2023, the dollar amounts in sub-
10 clauses (I) and (III) of paragraph (2)(D)(i)
11 shall each be increased by an amount equal
12 to—

13 “(i) such dollar amount, multiplied by

14 “(ii) the percentage (if any) which
15 would be determined under subparagraph
16 (A)(ii) if subclause (II) thereof were ap-
17 plied by substituting ‘2022’ for ‘2020’.

18 “(C) ROUNDING.—

19 “(i) MONTHLY SPECIFIED CHILD AL-
20 LOWANCE.—Any increase under subpara-
21 graph (A) which is not a multiple of \$10
22 shall be rounded to the nearest multiple of
23 \$10.

24 “(ii) INITIAL THRESHOLD AMOUNT.—

25 Any increase under subparagraph (B)

1 which is not a multiple of \$5,000 shall be
2 rounded to the nearest multiple of \$5,000.

3 “(c) SPECIFIED CHILD.—For purposes of this sec-
4 tion—

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

8 “(A) who has the same principal place of
9 abode as the taxpayer for more than one-half of
10 such month,

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

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

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

18 “(E) who either—

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

21 “(ii) if the taxpayer is a citizen or na-
22 tional of the United States, such individual
23 is described in section 152(f)(1)(B) with
24 respect to such taxpayer.

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

6 “(3) CARE FROM THE TAXPAYER.—

7 “(A) IN GENERAL.—Except as otherwise
8 provided by the Secretary, whether any indi-
9 vidual receives care from the taxpayer (within
10 the meaning of paragraph (1)(C)) shall be de-
11 termined on the basis of facts and cir-
12 cumstances with respect to the following fac-
13 tors:

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

17 “(ii) The maintenance by the taxpayer
18 of a secure environment at which the indi-
19 vidual resides.

20 “(iii) The provision or arrangement by
21 the taxpayer of, and transportation by the
22 taxpayer to, medical care at regular inter-
23 vals and as required for the individual.

24 “(iv) The involvement by the taxpayer
25 in, and financial and other support by the

1 taxpayer for, educational or similar activi-
2 ties of the individual.

3 “(v) Any other factor that the Sec-
4 retary determines to be appropriate to de-
5 termine whether the individual receives
6 care from the taxpayer.

7 “(B) DETERMINATION OF WHETHER CARE
8 IS COMPENSATED.—For purposes of deter-
9 mining if care is compensated within the mean-
10 ing of paragraph (1)(C), compensation from the
11 Federal Government, a State or local govern-
12 ment, a Tribal government, or any possession of
13 the United States shall not be taken into ac-
14 count.

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

16 “(A) IN GENERAL.—Except as provided in
17 subparagraph (D), if any individual would (but
18 for this paragraph) be a specified child of 2 or
19 more taxpayers for any month, such individual
20 shall be treated as the specified child only of
21 the taxpayer who is—

22 “(i) the parent of the individual (or, if
23 such individual would (but for this para-
24 graph) be a specified child of 2 or more
25 parents of the individual for such month,

1 the parent of the individual determined
2 under subparagraph (B)),

3 “(ii) if the individual is not a specified
4 child of any parent of the individual (deter-
5 mined without regard to this paragraph),
6 the specified relative of the individual with
7 the highest adjusted gross income for the
8 taxable year which includes such month, or

9 “(iii) if the individual is neither a
10 specified child of any parent of the indi-
11 vidual nor a specified child of any specified
12 relative of the individual (in both cases de-
13 termined without regard to this para-
14 graph), the taxpayer with the highest ad-
15 justed gross income for the taxable year
16 which includes such month.

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

22 “(i) the parent with whom the child
23 resided for the longest period of time dur-
24 ing such month, or

1 “(ii) if the child resides with both par-
2 ents for the same amount of time during
3 such month, the parent with the highest
4 adjusted gross income for the taxable year
5 which includes such month.

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

9 “(i) an ancestor of a parent of the
10 specified child,

11 “(ii) a brother or sister of a parent of
12 the specified child, or

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

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

20 “(i) such parent or specified relative
21 elects to have such individual not be treat-
22 ed as a specified child of such parent or
23 specified relative for such month,

24 “(ii) in the case of a parent of such
25 individual, the adjusted gross income of

1 the taxpayer (with respect to whom such
2 individual would be treated as a specified
3 child after application of this subpara-
4 graph) for the taxable year which includes
5 such month is higher than the highest ad-
6 justed gross income of any parent of the
7 individual for any taxable year which in-
8 cludes such month (determined without re-
9 gard to any parent with respect to whom
10 such individual is not a specified child, de-
11 termined without regard to subparagraphs
12 (A) and (B) and after application of this
13 subparagraph), and

14 “(iii) in the case of a specified relative
15 of such individual, the adjusted gross in-
16 come of the taxpayer (with respect to
17 whom such individual would be treated as
18 a specified child after application of this
19 subparagraph) for the taxable year which
20 includes such month is higher than the
21 highest adjusted gross income of any par-
22 ent and any specified relative of the indi-
23 vidual for any taxable year which includes
24 such month (determined without regard to
25 any parent and any specified relative with

1 respect to whom such individual is not a
2 specified child, determined without regard
3 to subparagraphs (A) and (B) and after
4 application of this subparagraph).

5 “(E) TREATMENT OF JOINT RETURNS.—
6 For purposes of this paragraph, with respect to
7 any month, the adjusted gross income of each
8 person who files a joint return for the taxable
9 year which includes such month is the total ad-
10 justed gross income shown on the joint return
11 for the taxable year.

12 “(F) PARENT.—Except as otherwise pro-
13 vided by the Secretary, the term ‘parent’ shall
14 have the same meaning as when used in section
15 152(c)(4).

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

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

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

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

4 “(iii) not be treated as a day at any
5 other location.

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

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

12 “(ii) under the facts and cir-
13 cumstances, it is reasonable to assume that
14 the individual will return to reside at the
15 place of abode.

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

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

21 “(A) IN GENERAL.—If a period of pre-
22 sumptive eligibility is established under section
23 7527B(c) for any individual with respect to any
24 taxpayer—

1 “(i) such individual shall be treated as
2 the specified child of such taxpayer for any
3 month in such period of presumptive eligi-
4 bility, and

5 “(ii) such individual shall not be
6 treated as the specified child of any other
7 taxpayer with respect to whom a period of
8 presumptive eligibility has not been estab-
9 lished for any such month.

10 “(B) ABILITY OF CREDIT CLAIMANTS TO
11 ESTABLISH PRESUMPTIVE ELIGIBILITY.—Noth-
12 ing in section 7527B(c) shall be interpreted to
13 preclude a taxpayer from establishing a period
14 of presumptive eligibility (including any such
15 period described in section 7527B(c)(2)(D))
16 with respect to any specified child for purposes
17 of this section solely because such taxpayer af-
18 firmatively elects not to receive monthly ad-
19 vance child payments under section 7527B.

20 “(d) CREDIT REFUNDABLE.—If the taxpayer (in the
21 case of a joint return, either spouse) has a principal place
22 of abode (determined as provided in section 32) in the
23 United States or Puerto Rico for more than one-half of
24 any calendar month during the taxable year, so much of
25 the credit otherwise allowed under subsection (a) as is at-

1 tributable to monthly specified child allowances with re-
2 spect to any such calendar month shall be allowed under
3 subpart C (and not allowed under this subpart).

4 “(e) IDENTIFICATION REQUIREMENTS.—

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

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

18 “(f) RESTRICTIONS ON TAXPAYERS WHO IMPROP-
19 ERLY CLAIMED CREDIT OR IMPROPERLY RECEIVED
20 MONTHLY ADVANCE CHILD PAYMENT.—

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

23 “(A) IN GENERAL.—No credit shall be al-
24 lowed under this section for any taxable year
25 (and no payment shall be made under section

1 7527B for any month) in the disallowance pe-
2 riod.

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

6 “(i) the period of 10 taxable years
7 after the most recent taxable year for
8 which there was a final determination that
9 the taxpayer’s claim of credit under this
10 section or section 24 (or payment received
11 under section 7527A or 7527B) was due to
12 fraud,

13 “(ii) the period of 2 taxable years
14 after the most recent taxable year for
15 which there was a final determination that
16 the taxpayer’s claim of credit under this
17 section or section 24 (or payment received
18 under section 7527A or 7527B) was due to
19 reckless or intentional disregard of rules
20 and regulations (but not due to fraud),
21 and

22 “(iii) in addition to any period deter-
23 mined under clause (i) or (ii) (as the case
24 may be), the period beginning on the date
25 of the final determination described in

1 such clause and ending with the beginning
2 of the period described in such clause.

3 “(2) TAXPAYERS MAKING IMPROPER PRIOR
4 CLAIMS.—In the case of a taxpayer who is denied
5 credit under this section or section 24 for any tax-
6 able year as a result of the deficiency procedures
7 under subchapter B of chapter 63, no credit shall be
8 allowed under this section for any subsequent tax-
9 able year (and no payment shall be made under sec-
10 tion 7527B for any subsequent month) unless the
11 taxpayer provides such information as the Secretary
12 may require to demonstrate eligibility for such cred-
13 it.

14 “(3) COORDINATION WITH POSSESSIONS OF
15 THE UNITED STATES.—For purposes of this sub-
16 section, a taxpayer’s claim of credit under this sec-
17 tion or section 24 (or payment received under sec-
18 tion 7527A or section 7527B) includes a claim of
19 credit under this section or section 24 of the income
20 tax law of any jurisdiction other than the United
21 States (or similar payment received under section
22 7527A or section 7527B of such income tax law),
23 and a claim made or a payment received from Amer-
24 ican Samoa pursuant to a plan described in sub-
25 section (i)(3)(B) or section 24(k)(3)(B).

1 “(g) RECONCILIATION OF CREDIT AND MONTHLY
2 ADVANCE CHILD PAYMENTS.—

3 “(1) IN GENERAL.—The amount otherwise de-
4 termined under subsection (a) with respect to any
5 taxpayer for any taxable year shall be reduced (but
6 not below zero) by the aggregate amount of pay-
7 ments made under section 7527B to such taxpayer
8 for one or more calendar months in such taxable
9 year. Any failure to so reduce the credit shall be
10 treated as arising out of a mathematical or clerical
11 error and assessed according to section 6213(b)(1).

12 “(2) RECAPTURE OF EXCESS ADVANCE PAY-
13 MENTS IN CERTAIN CIRCUMSTANCES.—In the case
14 of a taxpayer described in paragraph (3) for any
15 taxable year, the tax imposed by this chapter for
16 such taxable year shall be increased by the excess (if
17 any) of—

18 “(A) the aggregate amount of payments
19 made to the taxpayer under section 7527B for
20 one or more calendar months in such taxable
21 year, over

22 “(B) the amount determined under sub-
23 section (a) with respect to the taxpayer for such
24 taxable year (without regard to paragraph (1)
25 of this subsection).

1 “(3) TAXPAYERS SUBJECT TO RECAPTURE.—

2 “(A) FRAUD OR RECKLESS OR INTEN-
3 TIONAL DISREGARD OF RULES AND REGULA-
4 TIONS.—A taxpayer is described in this para-
5 graph with respect to any taxable year if the
6 Secretary determines that the amount described
7 in paragraph (2)(A) with respect to the tax-
8 payer for such taxable year was determined on
9 the basis of fraud or a reckless or intentional
10 disregard of rules and regulations.

11 “(B) UNDERSTATEMENT OF INCOME;
12 CHANGES IN FILING STATUS.—If the amount
13 described in paragraph (2)(A) with respect to
14 the taxpayer for the taxable year was deter-
15 mined on the basis of an amount of the tax-
16 payer’s modified adjusted gross income which
17 was less than the taxpayer’s modified adjusted
18 gross income for the applicable taxable year (as
19 defined in subsection (b))—

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

22 “(ii) the increase determined under
23 paragraph (2) by reason of this subpara-
24 graph shall not exceed the excess of—

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

3 “(II) the amount which would be
4 so described if the payments described
5 therein had been determined on the
6 basis of the taxpayer’s modified ad-
7 justed gross income for the applicable
8 taxable year (as defined in subsection
9 (b)).

10 A rule similar to the rule of the preceding
11 sentence shall apply if the amount de-
12 scribed in paragraph (2)(A) with respect to
13 the taxpayer for the taxable year was de-
14 termined on the basis of a filing status of
15 the taxpayer which differs from the tax-
16 payer’s filing status for the applicable tax-
17 able year (as so defined).

18 “(C) PAYMENTS MADE OUTSIDE OF PE-
19 RIOD OF PRESUMPTIVE ELIGIBILITY.—If any
20 payment described in paragraph (2)(A) with re-
21 spect to the taxpayer for the taxable year was
22 made with respect to a child for a month which
23 was not part of a period of presumptive eligi-
24 bility established under section 7527B(c) for
25 such child with respect to such taxpayer—

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

3 “(ii) the increase determined under
4 paragraph (2) by reason of this subpara-
5 graph shall not exceed the portion of such
6 payment so made.

7 “(D) CERTAIN PAYMENTS MADE AFTER
8 NOTICE FROM SECRETARY.—If the Secretary
9 notifies a taxpayer under section 7527B(j)(2)
10 that such taxpayer is subject to recapture with
11 respect to any payments—

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

14 “(ii) the increase determined under
15 paragraph (2) by reason of this subpara-
16 graph shall not exceed the aggregate
17 amount of such payments.

18 “(E) TAXPAYERS MOVING TO ANOTHER
19 JURISDICTION.—To minimize the amount of ad-
20 vance payments made under section 7527B to
21 ineligible individuals, the Secretary shall issue
22 regulations or other guidance for purposes of
23 this paragraph which apply with respect to tax-
24 payers who are described in section
25 7527B(b)(4) with respect to the reference

1 month but are not so described with respect to
2 one or more months during the taxable year for
3 which advance payments under section 7527B
4 are made.

5 “(F) OTHER CIRCUMSTANCES TO PREVENT
6 ABUSE.—A taxpayer is described in this para-
7 graph with respect to any taxable year pursuant
8 to regulations or other guidance of the Sec-
9 retary describing other recapture circumstances
10 to facilitate the administration and enforcement
11 by the Secretary of section 7527B to minimize
12 the amount of advance payments made under
13 section 7527B to ineligible individuals and to
14 prevent abuse.

15 “(4) JOINT RETURNS.—Except as otherwise
16 provided by the Secretary, in the case of an advance
17 payment made under section 7527B with respect to
18 a joint return, half of such payment shall be treated
19 as having been made to each individual filing such
20 return.

21 “(5) COORDINATION WITH POSSESSIONS OF
22 THE UNITED STATES.—For purposes of this sub-
23 section, payments made under section 7527B include
24 payments made by any jurisdiction other than the
25 United States under section 7527B of the income

1 tax law of such jurisdiction, and advance payments
2 made by American Samoa pursuant to a plan de-
3 scribed in subsection (h)(3)(B). Any increase in tax
4 imposed on a taxpayer by reason of paragraph (2)
5 of the income tax law of a jurisdiction other than
6 the United States shall be considered to reduce the
7 aggregate amount of payments made to such tax-
8 payer by such jurisdiction. In carrying out this sec-
9 tion, the Secretary shall coordinate with each posses-
10 sion of the United States to prevent any application
11 of this paragraph that is inconsistent with the pur-
12 poses of this subsection.

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

14 “(1) MIRROR CODE POSSESSIONS.—

15 “(A) IN GENERAL.—The Secretary shall
16 pay to each possession of the United States
17 with a mirror code tax system amounts equal to
18 the loss (if any) to that possession by reason of
19 the application of this section (determined with-
20 out regard to this subsection) with respect to
21 taxable years beginning in calendar years after
22 2023. Such amounts shall be determined by the
23 Secretary based on information provided by the
24 government of the respective possession.

1 “(B) COORDINATION WITH CREDIT AL-
2 LOWED AGAINST UNITED STATES INCOME
3 TAXES.—No credit shall be allowed under this
4 section for any taxable year to any individual to
5 whom a credit is allowable against taxes im-
6 posed by a possession of the United States with
7 a mirror code tax system by reason of the appli-
8 cation of this section in such possession for
9 such taxable year.

10 “(C) MIRROR CODE TAX SYSTEM.—For
11 purposes of this paragraph, the term ‘mirror
12 code tax system’ means, with respect to any
13 possession of the United States, the income tax
14 system of such possession if the income tax li-
15 ability of the residents of such possession under
16 such system is determined by reference to the
17 income tax laws of the United States as if such
18 possession were the United States.

19 “(2) CROSS REFERENCES RELATED TO APPLI-
20 CATION OF CREDIT TO RESIDENTS OF PUERTO
21 RICO.—

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

1 “(B) For application of advance payment
2 to residents of Puerto Rico, see section
3 7527B(b)(4).

4 “(3) AMERICAN SAMOA.—

5 “(A) IN GENERAL.—The Secretary shall
6 pay to American Samoa amounts estimated by
7 the Secretary as being equal to the aggregate
8 benefits that would have been provided to resi-
9 dents of American Samoa by reason of the ap-
10 plication of this section for taxable years begin-
11 ning in calendar years after 2023 if the provi-
12 sions of this section had been in effect in Amer-
13 ican Samoa (applied as if American Samoa
14 were the United States and without regard to
15 the application of this section to residents of
16 Puerto Rico under subsection (d)).

17 “(B) DISTRIBUTION REQUIREMENT.—Sub-
18 paragraph (A) shall not apply unless American
19 Samoa has a plan, which has been approved by
20 the Secretary, under which American Samoa
21 will promptly distribute such payments to its
22 residents.

23 “(C) COORDINATION WITH CREDIT AL-
24 LOWED AGAINST UNITED STATES INCOME
25 TAXES.—

1 “(i) IN GENERAL.—In the case of a
2 taxable year with respect to which a plan
3 is approved under subparagraph (B), this
4 section (other than this subsection) shall
5 not apply to any individual eligible for a
6 distribution under such plan.

7 “(ii) APPLICATION OF SECTION IN
8 EVENT OF ABSENCE OF APPROVED
9 PLAN.—In the case of a taxable year with
10 respect to which a plan is not approved
11 under subparagraph (B), subsection (d)
12 shall be applied by substituting ‘, Puerto
13 Rico, or American Samoa’ for ‘or Puerto
14 Rico’.

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

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

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

4 “(2) to coordinate or modify the application of
5 this section and section 24, 7527A, and 7527B in
6 the case of any taxpayer—

7 “(A) whose taxable year is other than a
8 calendar year,

9 “(B) whose filing status for a taxable year
10 is different from the status used for deter-
11 mining one or more monthly payments under
12 section 7527B during such taxable year, or

13 “(C) whose principal place of abode for
14 any month is different from the principal place
15 of abode used for determining the monthly pay-
16 ment under section 7527B for such month.

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

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

22 “(b) LIMITATION BASED ON MODIFIED ADJUSTED
23 GROSS INCOME.—

24 “(1) IN GENERAL.—The amount of the credit
25 allowable under subsection (a) shall be reduced (but

1 not below zero) by \$50 for each \$1,000 (or fraction
2 thereof) by which the taxpayer's modified adjusted
3 gross income exceeds the threshold amount.

4 “(2) THRESHOLD AMOUNT.—For purposes of
5 this subsection, the term ‘threshold amount’
6 means—

7 “(A) \$400,000, in the case of a joint re-
8 turn or surviving spouse (as defined in section
9 2(a)),

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

12 “(C) \$200,000, in any other case.

13 “(3) MODIFIED ADJUSTED GROSS INCOME.—
14 For purposes of this subsection, the term ‘modified
15 adjusted gross income’ means adjusted gross income
16 increased by any amount excluded from gross in-
17 come under section 911, 931, or 933.

18 “(c) SPECIFIED DEPENDENT.—For purposes of this
19 section, the term ‘specified dependent’ means, with respect
20 to any taxpayer for any taxable year, any dependent of
21 such taxpayer for such taxable year unless such depend-
22 ent—

23 “(1) is a specified child of the taxpayer, or any
24 other taxpayer, for any month during such taxable
25 year, or

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

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

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

12 “(f) REGULATIONS.—The Secretary shall issue such
13 regulations or other guidance as the Secretary determines
14 necessary or appropriate to carry out the purposes of this
15 section.”.

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

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

20 “(a) IN GENERAL.—The Secretary shall establish a
21 program for making payments to taxpayers with respect
22 to each calendar month equal to the monthly advance child
23 payment determined with respect to such taxpayer for
24 such month.

1 “(b) MONTHLY ADVANCE CHILD PAYMENT.—For
2 purposes of this section and except as otherwise provided
3 in this section, the term ‘monthly advance child payment’
4 means, with respect to any taxpayer for any calendar
5 month, the amount (if any) which is estimated by the Sec-
6 retary as being equal to the monthly specified child allow-
7 ance which would be determined under section 24A(b)
8 with respect to such taxpayer for such calendar month if—

9 “(1) unless determined by the Secretary based
10 on any information known to the Secretary, the only
11 specified children of such taxpayer for such calendar
12 month are the specified children of such taxpayer for
13 the reference month,

14 “(2) unless determined by the Secretary based
15 on any information known to the Secretary, the ages
16 of such children (and the status of such children as
17 specified children) are determined for such calendar
18 month by taking into account the passage of time
19 since such reference month,

20 “(3) the limitations of section 24A(b)(2) were
21 applied with respect to the reference taxable year
22 rather than with respect to the applicable taxable
23 year, and

24 “(4) unless determined by the Secretary based
25 on any information known to the Secretary, no

1 monthly specified child allowance were determined
2 with respect to such taxpayer for such calendar
3 month unless the taxpayer (in the case of a joint re-
4 turn, either spouse) has a principal place of abode
5 (determined as provided in section 32) in the United
6 States or Puerto Rico for more than one-half of the
7 reference month.

8 “(c) PRESUMPTIVE ELIGIBILITY.—

9 “(1) IN GENERAL.—An individual shall be
10 treated as a specified child of a taxpayer for pur-
11 poses of determining any monthly advance child pay-
12 ment under this section only if such month is part
13 of the period of presumptive eligibility determined by
14 the Secretary under this subsection with respect to
15 such specified child and such taxpayer (determined
16 by treating the month described in subclause (I) of
17 paragraph (2)(A)(ii) as being the first month begin-
18 ning after the determination described in such sub-
19 clause).

20 “(2) PERIOD OF PRESUMPTIVE ELIGIBILITY.—

21 For purposes of this section—

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

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

4 “(ii) ending with the earliest of—

5 “(I) the beginning of the month
6 described in clause (i) if the Secretary
7 determines that the taxpayer com-
8 mitted fraud or intentionally dis-
9 regarded rules or regulations in estab-
10 lishing or maintaining presumptive
11 eligibility,

12 “(II) in the case of any notifica-
13 tion from the Secretary that the pe-
14 riod of presumptive eligibility has
15 been terminated or suspended by rea-
16 son of any question regarding eligi-
17 bility of the taxpayer for monthly ad-
18 vance child payments with respect to
19 such child, the month specified in
20 such notice as the month on which
21 such termination or suspension be-
22 gins, and

23 “(III) the month following any
24 failure of the taxpayer to make the re-
25 quired annual renewal of presumptive

1 eligibility by such date as the Sec-
2 retary may provide.

3 “(B) ESTABLISHING PRESUMPTIVE ELIGI-
4 BILITY.—A taxpayer shall establish presumptive
5 eligibility with respect to any specified child for
6 any month at such time and in such manner as
7 the Secretary may provide. Except as otherwise
8 provided by the Secretary, in order to establish
9 a period of presumptive eligibility the taxpayer
10 must express a reasonable expectation and in-
11 tent that the taxpayer will continue to be eligi-
12 ble with respect to such specified child for at
13 least the two months following the month for
14 which presumptive eligibility is to be estab-
15 lished.

16 “(C) METHOD OF ESTABLISHING PRE-
17 SUMPTIVE ELIGIBILITY.—The Secretary shall
18 ensure information to establish presumptive eli-
19 gibility under this paragraph may be provided
20 on the return of tax for the taxable year ending
21 before the calendar year which includes the
22 month for which such eligibility is to be estab-
23 lished, through the on-line portal described in
24 subsection (e), or in such other manner as the
25 Secretary may provide.

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

6 “(E) AUTOMATIC ELIGIBILITY FOR BIRTH
7 OF CHILD.—The Secretary shall issue regula-
8 tions or other guidance to establish procedures
9 pursuant to which, to the maximum extent ad-
10 ministratively practicable—

11 “(i) a parent of a child born during a
12 calendar month shall be treated as auto-
13 matically establishing presumptive eligi-
14 bility with respect to such child,

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

17 “(iii) the first monthly advance child
18 payment with respect to such child is in-
19 creased to properly take into account the
20 months in the period of such automatic
21 presumptive eligibility which precede such
22 payment.

23 “(F) PRESUMPTIVE ELIGIBILITY BASED
24 ON CERTAIN GOVERNMENT PROGRAMS.—The

1 Secretary shall issue regulations or other guid-
2 ance to establish procedures under which—

3 “(i) based on information provided to
4 the Secretary by one or more government
5 entities, a parent or specified relative of a
6 child is treated as automatically estab-
7 lishing presumptive eligibility with respect
8 to such child, and

9 “(ii) the period for which such auto-
10 matic presumptive eligibility is determined
11 (including any additional circumstances
12 under which such period will terminate).

13 “(G) COORDINATION WITH PRESUMP-
14 TION.—For purposes of determining the status
15 of any individual as a specified child for pur-
16 poses of determining presumptive eligibility
17 with respect to any period, section 24A(c) shall
18 be applied without regard to paragraph (7)
19 thereof.

20 “(3) NOTICE OF TERMINATION OF PRESUMP-
21 TIVE ELIGIBILITY BY REASON OF FAILURE TO MAKE
22 ANNUAL RENEWAL.—If a taxpayer’s period of pre-
23 sumptive eligibility with respect to any specified
24 child terminates by reason of paragraph

1 (2)(A)(ii)(III), the Secretary shall provide the tax-
2 payer a written notice of such termination.

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

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

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

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

17 “(C) in the case of a taxpayer who pro-
18 vides, through a specified alternative mecha-
19 nism, information which is sufficient to esti-
20 mate the taxpayer’s monthly advance child pay-
21 ment for such month, such month.

22 “(2) REFERENCE TAXABLE YEAR.—The term
23 ‘reference taxable year’ means, with respect to any
24 taxpayer for any calendar month, the most recent
25 of—

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

3 “(B) in the case of a taxpayer who pro-
4 vides, through a specified alternative mecha-
5 nism, information which is sufficient to esti-
6 mate the taxpayer’s modified adjusted gross in-
7 come for the taxable year which includes such
8 month, such taxable year.

9 “(3) AVAILABILITY OF INFORMATION.—Any
10 month or year referred to in subparagraphs (A),
11 (B), or (C) of paragraph (1) or subparagraph (A) or
12 (B) of paragraph (2) shall not be taken into account
13 in determining the reference month or reference tax-
14 able year with respect to any calendar month unless
15 all relevant information with respect to such month
16 or year is available to the Secretary and the Sec-
17 retary has adequate time to make estimates under
18 this section on the basis of such information before
19 the beginning of such calendar month.

20 “(4) TREATMENT OF INSUFFICIENT INFORMA-
21 TION.—Except as otherwise provided by the Sec-
22 retary—

23 “(A) if a taxpayer is not described in sub-
24 paragraph (A), (B), or (C) of paragraph (1)
25 with respect to any calendar month, the month-

1 ly advance child payment with respect to such
2 taxpayer for such calendar month shall be
3 treated as zero unless the Secretary determines
4 that the Secretary can make the estimate de-
5 scribed in subsection (b) on the basis of infor-
6 mation known to the Secretary which the Sec-
7 retary determines is reasonably reliable, and

8 “(B) if the taxpayer is not described in
9 paragraph (1)(C) and the information on the
10 return of tax referred to in subparagraph (A)
11 or (B) of paragraph (1) does not establish the
12 status of the taxpayer (in the case of a joint re-
13 turn, either spouse) as having a principal place
14 of abode (determined as provided in section 32)
15 in the United States or Puerto Rico for more
16 than one-half of the reference month, the Sec-
17 retary shall determine such status based on in-
18 formation known to the Secretary.

19 “(5) TRANSITION RULE.—In any case with re-
20 spect to which section 24A was not in effect for the
21 taxable year described in subparagraph (A), (B), or
22 (C) of paragraph (1) (whichever is applicable), sub-
23 section (b)(1) shall be applied by substituting ‘the
24 qualifying children of such taxpayer for the taxable
25 year which includes the reference month’ for ‘the

1 specified children of such taxpayer for the reference
2 month’.

3 “(e) ON-LINE INFORMATION PORTAL; SPECIFIED AL-
4 TERNATIVE MECHANISMS.—

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

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

11 “(B) provide information to the Secretary
12 which is relevant in determining the monthly
13 advance child payment and the taxpayer’s eligi-
14 bility for such payment, including information
15 regarding—

16 “(i) the number of the taxpayer’s
17 specified children, including by reason of
18 the birth of a child,

19 “(ii) the taxpayer’s marital status,

20 “(iii) the taxpayer’s modified adjusted
21 gross income,

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

24 “(v) any other factor which the Sec-
25 retary may provide.

1 “(2) SPECIFIED ALTERNATIVE MECHANISM.—
2 For purposes of this section, the term ‘specified al-
3 ternative mechanism’ means the on-line portal estab-
4 lished under paragraph (1), the on-line portal estab-
5 lished under section 7527A, and any other mecha-
6 nism or method established by the Secretary to allow
7 taxpayer’s to provide the information described in
8 paragraph (1) (including in connection with the fil-
9 ing of any return of tax).

10 “(3) AVAILABILITY IN MULTIPLE LAN-
11 GUAGES.—The Secretary shall ensure that the on-
12 line portal described in paragraph (1) is available in
13 multiple languages.

14 “(f) SPECIFIED CHILD OF MORE THAN 1 TAX-
15 PAYER.—

16 “(1) IN GENERAL.—In the event that (without
17 regard to this paragraph) a period of presumptive
18 eligibility with respect to the same specified child
19 would exist for more than 1 taxpayer at the same
20 time—

21 “(A) except as otherwise provided in this
22 section or by the Secretary, a period of pre-
23 sumptive eligibility shall exist only respect to
24 the taxpayer with the most recent reference
25 month,

1 “(B) the Secretary shall establish proce-
2 dures under which the Secretary expeditiously
3 adjudicates taxpayers’ competing claims of pre-
4 sumptive eligibility with respect to the same
5 child, and

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

9 “(2) PROVISIONS RELATED TO ADJUDICA-
10 TION.—

11 “(A) EXPEDITED PROCESS; APPEALS.—
12 The procedures established under paragraph
13 (1)(B) shall include—

14 “(i) an expedited process for tax-
15 payers who meet such requirements as the
16 Secretary may establish for such expedited
17 process, and

18 “(ii) procedures for adjudicating an
19 appeal of an adverse decision.

20 “(B) INFORMATION RECEIPT AND COORDI-
21 NATION.—The Secretary may enter into agree-
22 ments to receive information from, and other-
23 wise coordinate with—

1 “(i) Federal agencies (including the
2 Social Security Administration and the De-
3 partment of Agriculture),

4 “(ii) any State, local government,
5 Tribal government, or possession of the
6 United States, and

7 “(iii) any other individual or entity
8 that the Secretary determines to be appro-
9 priate for purposes of adjudicating a com-
10 peting claim described in paragraph (1).

11 “(C) ADJUDICATION NOT TREATED AS AS-
12 SESSMENT.—An adjudication under the proce-
13 dures established under paragraph (1)(B) (in-
14 cluding the adjudication of any appeal) shall
15 not be treated as an assessment described in
16 section 6201.

17 “(D) ADJUDICATION NOT TREATED AS IN-
18 SPECTION OF TAXPAYER’S BOOKS OF AC-
19 COUNT.—The inspection of a taxpayer’s books
20 of account in connection with any adjudication
21 under the procedures established under para-
22 graph (1)(B) (including the adjudication of any
23 appeal) shall not be treated as an examination
24 or inspection of a taxpayer’s books of account
25 for purposes of section 7605(b).

1 “(3) RETROACTIVE PAYMENTS.—If, pursuant to
2 the procedures established under paragraph (1)(B),
3 the Secretary determines that a child is a specified
4 child of a taxpayer and the Secretary did not make
5 payments to such taxpayer with respect to such child
6 for any portion of the period during which the deter-
7 mination was made, the Secretary may make a one-
8 time payment to the taxpayer with respect to which
9 such child is the specified child in an amount equal
10 to the aggregate amount by which the monthly ad-
11 vance child payments to such taxpayer would have
12 increased during such period if such determination
13 had been made immediately.

14 “(4) RECAPTURE OF PAYMENTS.—If, pursuant
15 to the procedures established under paragraph
16 (1)(B), the Secretary makes payments with respect
17 to the child during the period during which the de-
18 termination is made—

19 “(A) the Secretary shall provide each tax-
20 payer which receives such payments notice that
21 such payments may be subject to recapture,
22 and

23 “(B) upon making such determination, the
24 Secretary shall determine on the basis of the
25 facts and circumstances of each such taxpayer

1 whether any such payments should be subject
2 to recapture and shall so notify each such tax-
3 payer.

4 “(g) RULES RELATED TO GRACE PERIODS AND
5 HARDSHIPS.—

6 “(1) AUTOMATIC GRACE PERIOD.—

7 “(A) IN GENERAL.—Notwithstanding sub-
8 section (f), in the case of any failure or delay
9 in establishing a period of presumptive eligi-
10 bility with respect to which the taxpayer elects
11 the application of this subparagraph, credit
12 under section 24A or retroactive payment under
13 this section (similar to the payment described in
14 subsection (f)(3)) shall be allowed or made with
15 respect to so much of the period of such failure
16 or delay as does not exceed 3 months. The pre-
17 ceding sentence shall not apply if the Secretary
18 determines that such failure or delay was due
19 to fraud or reckless or intentional disregard of
20 rules and regulations.

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

24 “(2) HARDSHIP.—Notwithstanding subsection
25 (f), if the Secretary determines that a failure or

1 delay in establishing a period of presumptive eligi-
2 bility with respect to any specified child was due to
3 domestic violence, serious illness, natural disaster, or
4 any other hardship, credit under section 24A or ret-
5 roactive payment under this section (similar to the
6 payment described in subsection (f)(3)) shall be al-
7 lowed or made with respect to so much of the period
8 of such failure or delay as does not exceed 6 months.

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

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

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

21 “(A) any account to which the payee au-
22 thorized, on or after January 1, 2023, the deliv-
23 ery of a refund of taxes under this title or of
24 a Federal payment (as defined in section 3332
25 of title 31, United States Code),

1 “(B) any account belonging to a payee
2 from which that individual, on or after January
3 1, 2023, made a payment of taxes under this
4 title, or

5 “(C) any Treasury-sponsored account (as
6 defined in section 208.2 of title 31, Code of
7 Federal Regulations).

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

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

1 “(A) subject to reduction or offset pursu-
2 ant to section 3716 or 3720A of title 31,
3 United States Code,

4 “(B) subject to reduction or offset pursu-
5 ant to subsection (c), (d), (e), or (f) of section
6 6402, or

7 “(C) reduced or offset by other assessed
8 Federal taxes that would otherwise be subject
9 to levy or collection.

10 “(5) ASSIGNMENT OF BENEFITS.—

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

18 “(B) ENCODING OF PAYMENTS.—In the
19 case of an applicable payment described in sub-
20 paragraph (E)(iii)(I) that is paid electronically
21 by direct deposit through the Automated Clear-
22 ing House (ACH) network, the Secretary of the
23 Treasury (or the Secretary’s delegate) shall—

24 “(i) issue the payment using a unique
25 identifier that is reasonably sufficient to

1 allow a financial institution to identify the
2 payment as an applicable payment, and

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

8 “(C) GARNISHMENT.—

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

17 “(I) notwithstanding section
18 212.4 of title 31, Code of Federal
19 Regulations (and except as provided
20 in subclause (II)), a financial institu-
21 tion shall not fail to follow the proce-
22 dures of sections 212.5 and 212.6 of
23 such title with respect to a garnish-
24 ment order merely because such order
25 has attached, or includes, a notice of

1 right to garnish federal benefits issued
2 by a State child support enforcement
3 agency, and

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

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

1 ment (in addition to any amounts other-
2 wise protected under part 212 of title 31,
3 Code of Federal Regulations), as exempt
4 from a garnishment order without requir-
5 ing the consent of the party serving the
6 garnishment order or the judgment cred-
7 itor.

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

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

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

24 “(i) ACCOUNT HOLDER.—The term
25 ‘account holder’ means a natural person

1 whose name appears in a financial institu-
2 tion’s records as the direct or beneficial
3 owner of an account.

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

16 “(iii) APPLICABLE PAYMENT.—The
17 term ‘applicable payment’ means—

18 “(I) any payment made to an in-
19 dividual under this section (other than
20 any payment made pursuant to para-
21 graph (6)),

22 “(II) any advance payment made
23 by a possession of the United States
24 with a mirror code tax system (as de-
25 fined in section 24(h)) pursuant to an

1 election under paragraph (6)(B)
2 which corresponds to a payment de-
3 scribed in subclause (I), and

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

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

12 “(v) GARNISHMENT ORDER.—The
13 term ‘garnishment order’ means a writ,
14 order, notice, summons, judgment, levy, or
15 similar written instruction issued by a
16 court, a State or State agency, a munici-
17 pality or municipal corporation, or a State
18 child support enforcement agency, includ-
19 ing a lien arising by operation of law for
20 overdue child support or an order to freeze
21 the assets in an account, to effect a gar-
22 nishment against a debtor.

23 “(vi) LOOKBACK PERIOD.—The term
24 ‘lookback period’ means the two month pe-
25 riod that begins on the date preceding the

1 date of account review and ends on the
2 corresponding date of the month two
3 months earlier, or on the last date of the
4 month two months earlier if the cor-
5 responding date does not exist.

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

8 “(A) PUERTO RICO.—

9 “(i) For application of child tax credit
10 to residents of Puerto Rico, see section
11 24A(d).

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

15 “(B) MIRROR CODE POSSESSIONS.—In the
16 case of any possession of the United States with
17 a mirror code tax system (as defined in section
18 24A(h)(1)(C)), this section shall not be treated
19 as part of the income tax laws of the United
20 States for purposes of determining the income
21 tax law of such possession unless such posses-
22 sion elects to have this section be so treated.

23 “(C) ADMINISTRATIVE EXPENSES OF AD-
24 VANCE PAYMENTS.—

1 “(i) MIRROR CODE POSSESSIONS.—In
2 the case of any possession described in
3 subparagraph (B) which makes the elec-
4 tion described in such subparagraph, the
5 amount otherwise paid by the Secretary to
6 such possession under section
7 24A(h)(1)(A) with respect to taxable years
8 beginning in 2024, 2025, and 2026 shall
9 each be increased by \$300,000 if such pos-
10 session has a plan, which has been ap-
11 proved by the Secretary, for making
12 monthly advance child payments consistent
13 with such election.

14 “(ii) AMERICAN SAMOA.— The
15 amount otherwise paid by the Secretary to
16 American Samoa under subparagraph (A)
17 of section 24A(h)(3) with respect to tax-
18 able years beginning in 2024, 2025, and
19 2026 shall each be increased by \$300,000
20 if the plan described in subparagraph (B)
21 of such section includes a program, which
22 has been approved by the Secretary, for
23 making monthly advance child payments
24 under rules similar to the rules of this sec-
25 tion.

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

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

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

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

22 “(3) IDENTIFICATION REQUIREMENTS.—Rules
23 similar to the rules which apply under section
24 24A(e) shall apply for purposes of this section ex-
25 cept that such rules shall apply with respect to the

1 return of tax for the reference taxable year or, in the
2 case of information provided through a specified al-
3 ternative mechanism, with respect to the information
4 provided through such mechanism.

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

10 “(j) NOTICE OF PAYMENTS.—

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

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

19 “(B) the aggregate amount of such pay-
20 ments made to such taxpayer during such cal-
21 endar year, and

22 “(C) such other information as the Sec-
23 retary determines appropriate.

24 “(2) CERTAIN PAYMENTS SUBJECT TO RECAP-
25 TURE.—In the case of any payments made to a tax-

1 payer which the Secretary has determined are sub-
2 ject to recapture, the notice provided under para-
3 graph (1) to such taxpayer shall include the amount
4 of such payments.

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

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

15 “(2) Any month with respect to which such
16 monthly advance child payment will be reduced (rel-
17 ative to the preceding month) by reason of such
18 child ceasing to be a specified child by reason of at-
19 taining age 18.

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

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

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

8 “(l) TERMINATION.—This section shall not apply to
9 (and no payment shall be made under subsection (k) with
10 respect to) any taxable year beginning after December 31,
11 2023.”.

12 (d) DISCLOSURE OF INFORMATION RELATING TO AD-
13 VANCE PAYMENT OF CHILD TAX CREDIT.—Section
14 6103(e) of such Code is amended by adding at the end
15 the following new paragraph:

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

18 “(A) JOINT FILERS.—In the case of an in-
19 dividual to whom the Secretary makes pay-
20 ments under section 7527A or who is eligible
21 for monthly advance child payments under sec-
22 tion 7527B, if the reference taxable year (as
23 defined in section 7527A(b)(2) or 7527B(d)(2),
24 as the case may be) that the Secretary uses to
25 calculate such payments is a year for which the

1 individual filed an income tax return jointly
2 with another individual, the Secretary may dis-
3 close to such individual any information which
4 is relevant in determining the payment under
5 section 7527A, or the monthly advance child
6 payment under section 7527B, and the individ-
7 ual's eligibility for such payment, including in-
8 formation regarding any of the following:

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

11 “(ii) The name and TIN of specified
12 children.

13 “(iii) Marital status.

14 “(iv) Modified adjusted gross income.

15 “(v) Principal place of abode.

16 “(vi) Any other factor which the Sec-
17 retary may provide pursuant to section
18 7527A(e) or 7527B(e).

19 “(B) COMPETING CLAIMANTS.—In the case
20 of an individual who has a competing claim of
21 presumptive eligibility with respect to a speci-
22 fied child under section 7527B(f)(1), the Sec-
23 retary may disclose to such individual return in-
24 formation provided by another individual who
25 has a competing claim of presumptive eligibility

1 with respect to the same specified child in the
2 course of the Secretary's adjudication of that
3 competing claim, as well as any other informa-
4 tion considered by the Secretary with respect to
5 that competing claim. Such information shall be
6 limited to the items specified in subparagraph
7 (A) and the following:

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

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

14 “(II) any other individual or enti-
15 ty that the Secretary determines to be
16 appropriate for purposes of adjudi-
17 cating a competing claim.

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

21 “(iii) Information considered by the
22 Secretary about expenditures made by the
23 claimants to the extent such payments re-
24 late to the competing claim.”.

25 (e) CONFORMING AMENDMENTS.—

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

6 “(AA) section 24A(g)(2) (relating to recap-
7 ture of certain monthly advance child pay-
8 ments).”.

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

11 “(ii) the credits under sections 24,
12 24A, and 24B and the payments under
13 sections 7527A and 7527B,”.

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

18 (4) Section 6103(l)(13)(A)(v) is amended by in-
19 sert “or section 24A, as the case may be” after
20 “section 24”.

21 (5) Section 6211(b)(4)(A) is amended by insert-
22 ing “24A by reason of subsection (d) thereof,” after
23 “24 by reason of subsections (d) and (i)(1) there-
24 of,”.

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

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

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

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

10 (B) by inserting “or 24A” after “under
11 section 24”, and

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

15 (9) Section 6695(g)(2) is amended by inserting
16 “24A,” after “24,”.

17 (10) Paragraph (2) of section 1324(b) of title
18 31, United States Code, as amended by the pre-
19 ceding provisions of this Act, is amended—

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

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

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

“Sec. 24A. Monthly child tax credit.
“Sec. 24B. Credit for certain other dependents.”.

1 (12) The table of sections for chapter 77 is
2 amended by inserting after the item relating to sec-
3 tion 7527A the following new item:

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

4 (f) EFFECTIVE DATES.—

5 (1) IN GENERAL.—Except as otherwise pro-
6 vided in this subsection, the amendments made by
7 this section shall apply to taxable years beginning
8 after December 31, 2023.

9 (2) MONTHLY ADVANCE CHILD PAYMENTS.—

10 The amendments made by subsection (b) shall apply
11 to calendar months beginning after December 31,
12 2023.

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