

119TH CONGRESS  
1ST SESSION

# S. 1393

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

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## IN THE SENATE OF THE UNITED STATES

APRIL 9, 2025

Mr. BENNET (for himself, Mr. BOOKER, Mr. WARNOCK, Ms. CORTEZ MASTO, Mr. DURBIN, Mr. WYDEN, Ms. ALSOBROOKS, Ms. BALDWIN, Mr. BLUMENTHAL, Ms. BLUNT ROCHESTER, Ms. CANTWELL, Mr. COONS, Ms. DUCKWORTH, Mr. FETTERMAN, Mr. GALLEGGO, Mrs. GILLIBRAND, Ms. HASSAN, Mr. HEINRICH, Ms. HIRONO, Mr. KAINE, Mr. KELLY, Mr. KIM, Mr. KING, Ms. KLOBUCHAR, Mr. LUJÁN, Mr. MARKEY, Mr. MERKLEY, Mr. MURPHY, Mrs. MURRAY, Mr. PADILLA, Mr. PETERS, Mr. REED, Ms. ROSEN, Mr. SANDERS, Mr. SCHATZ, Mr. SCHIFF, Mr. SCHUMER, Mrs. SHAHEEN, Ms. SLOTKIN, Ms. SMITH, 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

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## 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”.

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

3 (a) IN GENERAL.—Subpart A of part IV of sub-  
 4 chapter A of chapter 1 of the Internal Revenue Code of  
 5 1986 is amended by inserting after section 24 the fol-  
 6 lowing new sections:

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

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

14 “(b) MONTHLY SPECIFIED CHILD ALLOWANCE.—

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

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

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

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

6 “(2) LIMITATIONS BASED ON MODIFIED AD-  
 7 JUSTED GROSS INCOME.—

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

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

20 “(i) the excess (if any) of—

21 “(I) the monthly specified child  
 22 allowance with respect to the taxpayer  
 23 for such calendar month (determined  
 24 without regard to this paragraph),  
 25 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.—The  
 10 monthly specified child allowance otherwise de-  
 11 termined under paragraph (1) with respect to  
 12 any taxpayer for such calendar month (deter-  
 13 mined after the application of subparagraphs  
 14 (A) and (B)) shall be reduced (but not below  
 15 zero) by  $\frac{1}{12}$  of 5 percent of the excess (if any)  
 16 of the taxpayer’s modified adjusted gross in-  
 17 come for the applicable taxable year over the  
 18 secondary threshold amount.

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

22 “(i) INITIAL THRESHOLD AMOUNT.—  
 23 The term ‘initial threshold amount’  
 24 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) \$200,000, in the case of a  
 17 married individual filing a separate  
 18 return, and

19 “(III) \$300,000, 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, 2025, the \$300 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 2024.

7 “(B) INITIAL THRESHOLD AMOUNT.—In  
 8 the case of any taxable year beginning after De-  
 9 cember 31, 2024, 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 ‘2024’.

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 a legally adopted individual of such tax-  
24          payer or is lawfully placed with such tax-  
25          payer for legal adoption by 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 7527A(c) with respect to any taxpayer and  
 24 child—

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

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

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

21          “(C) EXCEPTION FOR INCOME-BASED TIE-  
22          BREAKER RULES.—If a period of presumptive  
23          eligibility is established under section 7527A(c)  
24          for any individual with respect to any taxpayer  
25          and such individual is not the specified child of



1 such taxpayer for any month in such period by  
2 reason of such taxpayer failing to be described  
3 in clause (i), (ii), or (iii) of paragraph (4)(A)  
4 for the taxable year which includes such month,  
5 subparagraph (A) shall not apply with respect  
6 to such month.

7 “(D) TREATMENT OF CERTAIN RETRO-  
8 ACTIVE PAYMENTS.—If any payment is made  
9 under subparagraph (A) or (B) of section  
10 7527A(f)(3) or paragraph (1) or (2) of section  
11 7527A(g), with respect to any taxpayer and  
12 child for any period, such period shall be treat-  
13 ed as a period of presumptive eligibility estab-  
14 lished under section 7527A(c) with respect to  
15 such taxpayer and child for purposes of apply-  
16 ing subparagraph (A).

17 “(E) FRAUD AND INTENTIONAL DIS-  
18 REGARD OF RULES OR REGULATIONS.—If the  
19 Secretary determines that the taxpayer com-  
20 mitted fraud or intentionally disregarded rules  
21 or regulations in establishing or maintaining  
22 any period of presumptive eligibility, the  
23 months with respect to which such fraud or in-  
24 tentional disregard relates shall not be treated

1 as a period of presumptive eligibility for pur-  
 2 poses of subparagraph (A).

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

12 “(e) IDENTIFICATION REQUIREMENTS.—

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

21 “(2) TAXPAYER IDENTIFICATION REQUIRE-  
 22 MENT.—No credit shall be allowed under this section  
 23 if the taxpayer identification number of the taxpayer  
 24 was issued after the due date for filing the return  
 25 for the taxable year.

1       “(f) RESTRICTIONS ON TAXPAYERS WHO IMPROP-  
2 ERLY CLAIMED CREDIT OR IMPROPERLY RECEIVED  
3 MONTHLY ADVANCE CHILD PAYMENT.—

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

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

11              “(B) DISALLOWANCE PERIOD.—For pur-  
12 poses of subparagraph (A), the disallowance pe-  
13 riod is—

14              “(i) the period of 120 calendar  
15 months after the most recent calendar  
16 month for which there was a final deter-  
17 mination that the taxpayer’s claim of cred-  
18 it under this section or section 24 (or pay-  
19 ment received under section 7527A) was  
20 due to fraud, and

21              “(ii) the period of 24 calendar months  
22 after the most recent calendar month for  
23 which there was a final determination that  
24 the taxpayer’s claim of credit under this  
25 section or section 24 (or payment received

1 under section 7527A) was due to reckless  
2 or intentional disregard of rules and regu-  
3 lations (but not due to fraud).

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

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

1       scribed in subsection (h)(3)(B) or section  
2       24(k)(3)(B).

3       “(g) RECONCILIATION OF CREDIT AND MONTHLY  
4 ADVANCE CHILD PAYMENTS.—

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

14           “(2) INCREASE IN TAX EQUAL TO EXCESS AD-  
15      VANCE PAYMENTS IN CERTAIN CIRCUMSTANCES.—If  
16      the aggregate amount of payments made to the tax-  
17      payer under section 7527A for one or more calendar  
18      months in such taxable year exceeds the amount al-  
19      lowed as a credit under subpart C by reason of this  
20      section with respect to such taxpayer for such tax-  
21      able year (without regard to paragraph (1) of this  
22      subsection), the tax imposed by this chapter for such  
23      taxable year shall be increased by so much of such  
24      excess as is attributable to one or more of the fol-  
25      lowing:

1           “(A) Fraud, or reckless or intentional dis-  
2           regard of rules and regulations, by the tax-  
3           payer.

4           “(B) Changes in the taxpayer’s modified  
5           adjusted gross income or filing status that af-  
6           fect the application of the limitation imposed by  
7           subsection (b)(2).

8           “(C) Payments under section 7527A which  
9           were made for months which were not part of  
10          a period of presumptive eligibility.

11          “(D) A failure to be the taxpayer described  
12          in clause (i), (ii), or (iii) of subsection  
13          (c)(4)(A).

14          “(E) A failure to satisfy the requirements  
15          of subsection (d).

16          “(F) A failure to satisfy the requirements  
17          of paragraphs (1) or (2) of subsection (e), ex-  
18          cept that a failure to satisfy the requirements  
19          of subsection (e)(1) shall not be taken into ac-  
20          count under this subparagraph if the taxpayer  
21          demonstrates to the satisfaction of the Sec-  
22          retary that it is reasonable to expect that the  
23          qualifying child will be issued a taxpayer identi-  
24          fication number and that the delay in such

1 issuance was due to reasonable cause and not  
2 willful neglect.

3 “(G) Such other circumstances as the Sec-  
4 retary identifies for purposes of this subpara-  
5 graph to facilitate the administration and en-  
6 forcement by the Secretary of section 7527A, to  
7 minimize the amount of advance payments  
8 made under section 7527A to ineligible individ-  
9 uals, and to prevent abuse.

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

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

19 “(4) COORDINATION WITH POSSESSIONS OF  
20 THE UNITED STATES.—For purposes of this sub-  
21 section, payments made under section 7527A include  
22 payments made by any jurisdiction other than the  
23 United States under section 7527A of the income  
24 tax law of such jurisdiction, and advance payments  
25 made by American Samoa pursuant to a plan de-

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

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

12           “(1) MIRROR CODE POSSESSIONS.—

13                   “(A) IN GENERAL.—The Secretary shall  
 14           pay to each possession of the United States  
 15           with a mirror code tax system amounts equal to  
 16           the loss (if any) to that possession by reason of  
 17           the application of this section (determined with-  
 18           out regard to this subsection) with respect to  
 19           taxable years beginning in calendar years after  
 20           2024. Such amounts shall be determined by the  
 21           Secretary based on information provided by the  
 22           government of the respective possession.

23                   “(B) COORDINATION WITH CREDIT AL-  
 24           LOWED AGAINST UNITED STATES INCOME  
 25           TAXES.—No credit shall be allowed under this



1 section for any taxable year to any individual to  
 2 whom a credit is allowable against taxes im-  
 3 posed by a possession of the United States with  
 4 a mirror code tax system by reason of the appli-  
 5 cation of this section in such possession for  
 6 such taxable year.

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

16 “(2) CROSS REFERENCES RELATED TO APPLI-  
 17 CATION OF CREDIT TO RESIDENTS OF PUERTO  
 18 RICO.—

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

21 “(B) For application of advance payment  
 22 to residents of Puerto Rico, see section  
 23 7527A(b)(5).

24 “(3) AMERICAN SAMOA.—

“(A) IN GENERAL.—The Secretary shall pay to American Samoa amounts estimated by the Secretary as being equal to the aggregate benefits that would have been provided to residents of American Samoa by reason of the application of this section for taxable years beginning in calendar years after 2024 if the provisions of this section had been in effect in American Samoa (applied as if American Samoa were the United States and without regard to the application of this section to residents of Puerto Rico under subsection (d)).

“(B) DISTRIBUTION REQUIREMENT.—Subparagraph (A) shall not apply unless American Samoa has a plan, which has been approved by the Secretary, under which American Samoa will promptly distribute such payments to its residents.

“(C) COORDINATION WITH CREDIT ALLOWED AGAINST UNITED STATES INCOME TAXES.—

“(i) IN GENERAL.—In the case of a taxable year with respect to which a plan is approved under subparagraph (B), this section (other than this subsection) shall

1 not apply to any individual eligible for a  
 2 distribution under such plan.

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

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

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

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

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

4 “(A) whose taxable year is other than a  
 5 calendar year,

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

10 “(C) whose principal place of abode for  
 11 any month is different from the principal place  
 12 of abode used for determining the monthly pay-  
 13 ment under section 7527A for such month.

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

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

19 “(b) LIMITATION BASED ON MODIFIED ADJUSTED  
 20 GROSS INCOME.—

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

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

4           “(A) \$400,000, in the case of a joint re-  
5       turn or surviving spouse (as defined in section  
6       2(a)),

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

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

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

15          “(c) SPECIFIED DEPENDENT.—For purposes of this  
16       section, the term ‘specified dependent’ means, with respect  
17       to any taxpayer for any taxable year, any dependent of  
18       such taxpayer (as defined in section 152) for such taxable  
19       year unless such dependent—

20           “(1) is a specified child of the taxpayer, or any  
21       other taxpayer, for any month during such taxable  
22       year, or

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

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

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

7               “(2) with respect to such dependent, subsection  
 8       (a) shall be applied by substituting an amount for  
 9       ‘\$500’ that bears the same ratio to \$500 as—

10                       “(A) the excess of—

11                               “(i) 12, over

12                               “(ii) the number of months during  
 13                               such taxable year with respect to which  
 14                               such dependent is a specified child of the  
 15                               taxpayer or any other taxpayer, bears to

16                       “(B) 12.

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

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

1       “(g) 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       (b) MONTHLY PAYMENT OF CHILD TAX CREDIT.—  
 6 Section 7527A of such Code is amended to read as follows:

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

8       “(a) IN GENERAL.—The Secretary shall pay to each  
 9 taxpayer, during each calendar month which is during a  
 10 period of presumptive eligibility with respect to the tax-  
 11 payer and any child, an amount equal to the monthly ad-  
 12 vance child payment determined with respect to such tax-  
 13 payer for such month.

14       “(b) MONTHLY ADVANCE CHILD PAYMENT.—The  
 15 term ‘monthly advance child payment’ means, with respect  
 16 to any taxpayer for any calendar month, the amount (if  
 17 any) which is estimated by the Secretary as being equal  
 18 to the monthly specified child allowance which would be  
 19 determined under section 24A(b) with respect to such tax-  
 20 payer for such calendar month if—

21               “(1) the only specified children of such taxpayer  
 22       for such calendar month are the specified children of  
 23       such taxpayer for the reference month (determined  
 24       without regard to section 24A(c)(7)),

1           “(2) the ages of such children (and the status  
 2           of such children as specified children) are deter-  
 3           mined for such calendar month by taking into ac-  
 4           count the passage of time since such reference  
 5           month,

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

10          “(4) the limitations of section 24A(b)(2) were  
 11          applied with respect to the reference taxable year  
 12          rather than with respect to the applicable taxable  
 13          year, and

14          “(5) no monthly specified child allowance were  
 15          determined with respect to such taxpayer for such  
 16          calendar month unless the taxpayer (in the case of  
 17          a joint return, either spouse) has a principal place  
 18          of abode (determined as provided in section 32) in  
 19          the United States or Puerto Rico for more than one-  
 20          half of the reference month.

21          “(c) PERIOD OF PRESUMPTIVE ELIGIBILITY.—

22          “(1) IN GENERAL.—For purposes of this sec-  
 23          tion, the term ‘period of presumptive eligibility’  
 24          means, with respect to any taxpayer and any child,  
 25          the period—



1 “(A) beginning with the calendar month  
2 following the calendar month during which the  
3 taxpayer provides the Secretary with sufficient  
4 information for the Secretary to—

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

9 “(ii) estimate the monthly advance  
10 child payment for such calendar month,  
11 and

12 “(B) ending with the earliest of—

13 “(i) the month beginning immediately  
14 after the month on which the Secretary  
15 sends the taxpayer a written notice that  
16 the taxpayer’s period of presumptive eligi-  
17 bility with respect to such child is being  
18 terminated by reason of information known  
19 to the Secretary (including a failure to pro-  
20 vide annual information under paragraph  
21 (2)) which casts doubt on such taxpayer’s  
22 status as being allowed the monthly speci-  
23 fied child allowance under section 24A for  
24 such child (determined without regard to  
25 section 24A(c)(7)) with respect to one or

1 more months following the reference  
2 month,

3 “(ii) any month with respect to which  
4 the taxpayer notifies the Secretary that  
5 such taxpayer is not allowed a monthly  
6 specified child allowance for such month  
7 under section 24A(b) (determined without  
8 regard to section 24A(c)(7)), and

9 “(iii) the month beginning imme-  
10 diately before the first month of a new pe-  
11 riod of presumptive eligibility with respect  
12 to such taxpayer and such child which is  
13 established on the basis of a reference  
14 month more recent than the reference  
15 month with respect to which such prior pe-  
16 riod was established (including on the basis  
17 of an annual renewal described in para-  
18 graph (2)).

19 “(2) ANNUAL RENEWAL.—The Secretary shall  
20 terminate a taxpayer’s period of presumptive eligi-  
21 bility with respect to any child under paragraph  
22 (1)(B)(i) unless such taxpayer provides information  
23 sufficient to establish a new period of presumptive  
24 eligibility with respect to such child (as described in  
25 paragraph (1)(B)(ii)) on an annual basis.

1           “(3) AUTOMATIC ELIGIBILITY FOR BIRTH OF  
2       CHILD.—The Secretary shall issue regulations or  
3       other guidance to establish procedures pursuant to  
4       which, to the maximum extent administratively prac-  
5       ticable—

6           “(A) a parent of a child born during a cal-  
7       endar month shall be treated as automatically  
8       establishing a period of presumptive eligibility  
9       with respect to such child,

10          “(B) the month for which such period be-  
11       gins, and the month by which the first annual  
12       renewal described in paragraph (2) must be  
13       completed, are determined, and

14          “(C) if the first monthly advance child  
15       payment with respect to such child is made  
16       after the calendar month in which such child is  
17       born, such payment is increased to properly  
18       take into account the months in such period of  
19       presumptive eligibility which precede the month  
20       in which such payment is made.

21          “(4) PRESUMPTIVE ELIGIBILITY BASED ON  
22       CERTAIN GOVERNMENT PROGRAMS.—The Secretary  
23       shall issue regulations or other guidance to establish  
24       procedures under which—

1           “(A) based on information provided to the  
 2           Secretary by one or more government entities,  
 3           a parent or specified relative of a child is treat-  
 4           ed as automatically establishing a period of pre-  
 5           sumptive eligibility with respect to such child,  
 6           and

7           “(B) the month for which such period be-  
 8           gins, the month by which the first annual re-  
 9           newal described in paragraph (2) must be com-  
 10          pleted, and any additional circumstances under  
 11          which such period will terminate, are deter-  
 12          mined.

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

22          “(6) TRANSITION RULE.—With respect periods  
 23          of presumptive eligibility beginning during the first  
 24          6 months to which this section applies, the Secretary

1 shall issue regulations or other guidance to establish  
 2 procedures pursuant to which—

3 “(A) based on information known to the  
 4 Secretary including returns of tax for either of  
 5 the last 2 taxable years ending before such  
 6 month, a parent or specified relative of a child  
 7 is treated as automatically establishing a period  
 8 of presumptive eligibility with respect to such  
 9 child, and

10 “(B) the month for which such period be-  
 11 gins, the month by which the first annual re-  
 12 newal described in paragraph (2) must be com-  
 13 pleted, and any additional circumstances under  
 14 which such period will terminate, are deter-  
 15 mined.

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

19 “(1) REFERENCE MONTH.—The term ‘reference  
 20 month’ means, with respect to any calendar month  
 21 in a period of presumptive eligibility with respect to  
 22 a taxpayer, the most recent of—

23 “(A) in the case of a taxpayer who filed a  
 24 return of tax for the last taxable year ending

1 before such calendar month, the last month of  
 2 such taxable year,

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

7 “(C) in the case of a taxpayer who other-  
 8 wise provides the information referred to in  
 9 subsection (c)(1)(A), the month with respect to  
 10 which such information is provided.

11 “(2) REFERENCE TAXABLE YEAR.—The term  
 12 ‘reference taxable year’ means, with respect to any  
 13 calendar month in a period of presumptive eligibility  
 14 with respect to a taxpayer—

15 “(A) if the reference month with respect to  
 16 such calendar month is determined under sub-  
 17 paragraph (A) or (B) of paragraph (1), the tax-  
 18 able year referred to in such subparagraph, re-  
 19 spectively, and

20 “(B) if the reference month with respect to  
 21 such calendar month is determined under sub-  
 22 paragraph (1)(C), the last taxable year ending  
 23 before such reference month.

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

1           “(1) IN GENERAL.—The Secretary shall ensure  
 2           the information described in subsection (c)(1)(A)  
 3           may be provided on the return of tax for the taxable  
 4           year ending before the calendar year which includes  
 5           the month for which such period would begin,  
 6           through the on-line portal described in paragraph  
 7           (2), or in such other manner as the Secretary may  
 8           provide.

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

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

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

17          “(f) RESOLUTION OF COMPETING CLAIMS OF PRE-  
 18          SUMPTIVE ELIGIBILITY WITH RESPECT TO SAME  
 19          CHILD.—

20           “(1) IN GENERAL.—If there is a period of pre-  
 21           sumptive eligibility with respect to any taxpayer and  
 22           child (hereafter referred to as the ‘original claim’),  
 23           a period of presumptive eligibility would (without re-  
 24           gard to this subsection) be established with respect  
 25           another taxpayer and such child (hereafter referred

1 to as the ‘challenge claim’), and the period of such  
 2 challenge claim would overlap with the period of  
 3 such original claim—

4 “(A) such challenge claim shall not be  
 5 taken into account under this section unless the  
 6 reference month with respect to which the chal-  
 7 lenge claim would be established is at least as  
 8 recent as the reference month with respect to  
 9 which the original claim is established,

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

12 “(C) the Secretary shall establish proce-  
 13 dures under which the Secretary expeditiously  
 14 adjudicates such claims on the basis of the  
 15 most recent feasible reference month.

16 “(2) PROVISIONS RELATED TO ADJUDICA-  
 17 TION.—

18 “(A) CHALLENGE CLAIM MUST RELATE TO  
 19 AT LEAST 3 MONTHS PROSPECTIVELY.—The  
 20 procedures established under paragraph (1)(C)  
 21 shall require that the taxpayer establishing the  
 22 challenge claim express a reasonable expectation  
 23 and intent that such taxpayer would be allowed  
 24 a monthly specified child allowance under sec-  
 25 tion 24A(b) (determined without regard to sec-



tion 24A(c)(7)) for at least the first 2 months following the reference month referred to in paragraph (1)(C).

“(B) EXPEDITED PROCESS; APPEALS.—  
The procedures established under paragraph (1)(C) 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.

“(C) INFORMATION RECEIPT AND COORDINATION.—For purposes of obtaining information relevant to any adjudication under this paragraph, 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

1                   “(iii) any other individual or entity  
2                   that the Secretary determines to be appro-  
3                   priate for such purposes.

4                   “(D) ADJUDICATION NOT TREATED AS AS-  
5                   SESSMENT.—Any adjudication under this para-  
6                   graph shall not be treated as an assessment de-  
7                   scribed in section 6201.

8                   “(E) ADJUDICATION NOT TREATED AS IN-  
9                   SPECTION OF TAXPAYER’S BOOKS OF AC-  
10                  COUNT.—The inspection of a taxpayer’s books  
11                  of account in connection with any adjudication  
12                  under this paragraph shall not be treated as an  
13                  examination or inspection of a taxpayer’s books  
14                  of account for purposes of section 7605(b).

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

17                  “(A) DELAY IN ESTABLISHMENT OF CHAL-  
18                  LENGE CLAIM.—If the challenge claim is estab-  
19                  lished pursuant to the procedures established  
20                  under paragraph (1)(C), the Secretary shall  
21                  make a one-time payment to the taxpayer with  
22                  respect to such claim equal to the aggregate  
23                  amount of increases in the monthly advance  
24                  child payments which would have been made to  
25                  such taxpayer if such challenge claim had been

1           allowed to take effect without regard to this  
 2           subsection. Any payment under this subpara-  
 3           graph shall be in addition to any payment made  
 4           under subsection (g).

5           “(B) TERMINATION AND REINSTATEMENT  
 6           OF ORIGINAL CLAIM.—If, pursuant to the pro-  
 7           cedures established under paragraph (1)(C), the  
 8           original claim is terminated under subsection  
 9           (c)(1)(B)(i) and a new period of presumptive  
 10          eligibility is subsequently established pursuant  
 11          to such procedures with respect the same tax-  
 12          payer and child as for such original claim, the  
 13          Secretary shall make a one-time payment to the  
 14          taxpayer with respect to such claim equal to the  
 15          aggregate amount of increases in the monthly  
 16          advance child payments which would have been  
 17          made to such taxpayer if such original claim  
 18          had never been terminated.

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

21           “(1) AUTOMATIC GRACE PERIOD.—

22           “(A) IN GENERAL.—If a taxpayer estab-  
 23           lishes a period of presumptive eligibility with re-  
 24           spect to any child, elects the application of this  
 25           paragraph, and demonstrates to the satisfaction

of the Secretary that such taxpayer would be allowed a monthly specified child allowance under section 24A(b) (determined without regard to section 24A(c)(7)) for one or more of the 3 months immediately preceding the first month of such period, the Secretary shall make a one-time payment to the taxpayer equal to the aggregate amount of increases in the monthly advance child payments which would have been made to such taxpayer if such months were part of such period. The preceding sentence shall not apply to the extent that the Secretary determines that the failure to establish the period of presumptive eligibility with respect to such child for any such month was due to fraud or reckless or intentional disregard of rules and regulations

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

“(2) HARDSHIP.—If a taxpayer establishes a period of presumptive eligibility with respect to any child, elects the application of this paragraph (and does not elect the application of paragraph (1) with respect to the establishment of such period), dem-

1       onstrates to the satisfaction of the Secretary that  
2       such taxpayer would be allowed a monthly specified  
3       child allowance under section 24A(b) (determined  
4       without regard to section 24A(c)(7)) for one or more  
5       of the 6 months immediately preceding the first  
6       month of such period, and the Secretary determines  
7       that the failure to establish the period of presump-  
8       tive eligibility with respect to such child for such  
9       months was due to domestic violence, serious illness,  
10      natural disaster, or any other hardship, the Sec-  
11      retary shall make a one-time payment to the tax-  
12      payer equal to the aggregate amount of increases in  
13      the monthly advance child payments which would  
14      have been made to such taxpayer if such months  
15      were part of such period.

16           “(3) COORDINATION WITH RETROACTIVE PAY-  
17      MENT FOR DELAY IN ESTABLISHMENT OF CHAL-  
18      LENGE CLAIM.—For purposes of applying paragraph  
19      (1) or (2) with respect to any challenge claim to  
20      which subsection (f)(3)(A) applies, the period of pre-  
21      sumptive eligibility shall be treated as including the  
22      period for which payment is made under such sub-  
23      section.

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

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

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

11                 “(A) any account to which the payee au-  
 12                 thorized, on or after January 1, 2024, the deliv-  
 13                 ery of a refund of taxes under this title or of  
 14                 a Federal payment (as defined in section 3332  
 15                 of title 31, United States Code),

16                 “(B) any account belonging to a payee  
 17                 from which that individual, on or after January  
 18                 1, 2024, made a payment of taxes under this  
 19                 title, or

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

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

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

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

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

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

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

24           “(5) ASSIGNMENT OF BENEFITS.—

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

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

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

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

23          “(C) GARNISHMENT.—

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

25          “(A) PUERTO RICO.—

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

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

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

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

17 “(i) MIRROR CODE POSSESSIONS.—In  
 18 the case of any possession described in  
 19 subparagraph (B) which makes the elec-  
 20 tion described in such subparagraph, the  
 21 amount otherwise paid by the Secretary to  
 22 such possession under section  
 23 24A(h)(1)(A) with respect to taxable years  
 24 beginning in 2025, 2026, and 2027 shall  
 25 each be increased by \$300,000 if such pos-

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

5 “(ii) AMERICAN SAMOA.—The amount  
6 otherwise paid by the Secretary to Amer-  
7 ican Samoa under subparagraph (A) of  
8 section 24A(h)(3) with respect to taxable  
9 years beginning in 2024, 2025, and 2026  
10 shall each be increased by \$300,000 if the  
11 plan described in subparagraph (B) of  
12 such section includes a program, which has  
13 been approved by the Secretary, for mak-  
14 ing monthly advance child payments under  
15 rules similar to the rules of this section.

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

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

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

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

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

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

25          “(j) NOTICE OF PAYMENTS.—



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

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

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

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

14           “(2) CERTAIN PAYMENTS SUBJECT TO TREAT-  
15           MENT AS EXCESS ADVANCE PAYMENTS.—In the case  
16           of any payments made to a taxpayer which the Sec-  
17           retary has determined are subject to treatment as  
18           excess advance payments, the notice provided under  
19           paragraph (1) to such taxpayer shall include the  
20           amount of such payments.

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

1 ticable, provide reasonable advance notice of each of the  
2 following:

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

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

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

17 “(4) Such other events as the Secretary deter-  
18 mines appropriate.

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

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

1       “(l) TERMINATION.—This section shall not apply to  
 2       (and no payment shall be made under subsection (k) with  
 3       respect to) any taxable year beginning after December 31,  
 4       2024.”.

5       (d) DISCLOSURE OF INFORMATION RELATING TO AD-  
 6       VANCE PAYMENT OF CHILD TAX CREDIT.—Section  
 7       6103(e) of such Code is amended by adding at the end  
 8       the following new paragraph:

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

11               “(A) JOINT FILERS.—In the case of any  
 12       individual who is eligible for monthly advance  
 13       child payments under section 7527A, if the ref-  
 14       erence taxable year (as defined in section  
 15       7527A(d)(2)) that the Secretary uses to cal-  
 16       culate such payments is a year for which the in-  
 17       dividual filed an income tax return jointly with  
 18       another individual, the Secretary may disclose  
 19       to such individual any information which is rel-  
 20       evant in determining the monthly advance child  
 21       payment under section 7527A, and the individ-  
 22       ual’s eligibility for such payment, including in-  
 23       formation regarding any of the following:

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

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

3                   “(iii) Marital status.

4                   “(iv) Modified adjusted gross income.

5                   “(v) Principal place of abode.

6                   “(vi) Such other information as the  
7 Secretary may provide.

8                   “(B) COMPETING CLAIMANTS.—In the case  
9 of any adjudication under section 7527A(f), the  
10 Secretary may disclose return information pro-  
11 vided by the individual with the original claim  
12 to the individual with the challenge claim, re-  
13 turn information provided by the individual  
14 with the challenge claim to the individual with  
15 the original claim, and any other information  
16 considered by the Secretary in such adjudica-  
17 tion to either or both such individuals. Such in-  
18 formation shall be limited to the items specified  
19 in subparagraph (A) and the following:

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

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

1 “(II) any other individual or enti-  
 2 ty that the Secretary determines to be  
 3 appropriate for purposes of adjudi-  
 4 cating claims under section 7527A(f).

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

8 “(iii) Information considered by the  
 9 Secretary about expenditures made by the  
 10 claimants to the extent such payments re-  
 11 late to the original or challenge claim.”.

12 (e) CONFORMING AMENDMENTS.—

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

18 “(AA) section 24A(g)(2) (relating to in-  
 19 crease in tax equal to excess advance payments  
 20 in certain circumstances).”.

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

23 “(ii) the credits under sections 24,  
 24 24A, and 24B and the payments under  
 25 sections 7527A,”.

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

6           (4) Section 6103(l)(13)(A)(v) of such Code is  
 7           amended by inserting “or section 24A, as the case  
 8           may be” after “section 24”.

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

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

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

19          (8) Section 6213(g)(2)(P) of such Code is  
 20          amended—

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

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

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

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

6 (10) Paragraph (2) of section 1324(b) of title  
 7 31, United States Code, is amended by inserting  
 8 “24A,” after “24,”.

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

“Sec. 24A. Monthly child tax credit.

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

13 (12) The table of sections for chapter 77 of  
 14 such Code is amended by striking the item relating  
 15 to section 7527A and inserting the following new  
 16 item:

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

17 (f) EFFECTIVE DATES.—

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

1           (2) MONTHLY ADVANCE CHILD PAYMENTS.—

2           The amendments made by subsection (b) shall apply  
3           to—

4                   (A) calendar months beginning after the  
5                   date of the enactment of this Act, and

6                   (B) in the case of section 7527A(g) of the  
7                   Internal Revenue Code of 1986 (relating to  
8                   grace periods and hardships), calendar months  
9                   beginning after December 31, 2024.

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

○