

115TH CONGRESS
1ST SESSION

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To amend the Internal Revenue Code of 1986 to make the child tax credit fully refundable, establish an increased child tax credit for young children, and for other purposes.

IN THE SENATE OF THE UNITED STATES

OCTOBER 26, 2017

Mr. BENNET (for himself and Mr. BROWN) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to make the child tax credit fully refundable, establish an increased child tax credit for young children, and for other purposes.

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

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “American Family Act
5 of 2017”.

1 **SEC. 2. ESTABLISHMENT OF FULLY REFUNDABLE CHILD**
 2 **TAX CREDIT.**

3 (a) ELIMINATION OF EXISTING CHILD TAX CRED-
 4 IT.—Subpart A of part IV of subchapter A of chapter 1
 5 of subtitle A of the Internal Revenue Code of 1986 is
 6 amended by striking section 24.

7 (b) ESTABLISHMENT OF FULLY REFUNDABLE
 8 CHILD TAX CREDIT.—Subpart C of part IV of subchapter
 9 A of chapter 1 of subtitle A of such Code is amended by
 10 inserting after section 36B the following new section:

11 **“SEC. 36C. CHILD TAX CREDIT.**

12 “(a) ALLOWANCE OF CREDIT.—There shall be al-
 13 lowed as a credit against the tax imposed by this chapter
 14 for the taxable year an amount equal to the sum of—

15 “(1) with respect to each qualifying child of the
 16 taxpayer who has attained 6 years of age before the
 17 close of such taxable year and for which the tax-
 18 payer is allowed a deduction under section 151, an
 19 amount equal to \$3,000, and

20 “(2) with respect to each qualifying child of the
 21 taxpayer who has not attained 6 years of age before
 22 the close of such taxable year and for which the tax-
 23 payer is allowed a deduction under section 151, an
 24 amount equal to 120 percent of the dollar amount
 25 in paragraph (1).

26 “(b) LIMITATION.—

1 “(1) IN GENERAL.—The amount of the credit
 2 allowable under subsection (a) shall be reduced (but
 3 not below zero) by the applicable amount for each
 4 \$1,000 (or fraction thereof) by which the taxpayer’s
 5 modified adjusted gross income exceeds the thresh-
 6 old amount. For purposes of the preceding sentence,
 7 the term ‘modified adjusted gross income’ means ad-
 8 justed gross income increased by any amount ex-
 9 cluded from gross income under section 911, 931, or
 10 933.

11 “(2) THRESHOLD AMOUNT.—

12 “(A) IN GENERAL.—For purposes of para-
 13 graph (1), the term ‘threshold amount’
 14 means—

15 “(i) \$110,000 in the case of a joint
 16 return,

17 “(ii) \$75,000 in the case of an indi-
 18 vidual who is not married, and

19 “(iii) \$55,000 in the case of a married
 20 individual filing a separate return.

21 “(B) MARITAL STATUS.—For purposes of
 22 this paragraph, marital status shall be deter-
 23 mined under section 7703.

1 “(3) APPLICABLE AMOUNT.—For purposes of
2 paragraph (1), the term ‘applicable amount’ means
3 an amount equal to the quotient of—

4 “(A) the amount of the credit allowable
5 under subsection (a), as determined without re-
6 gard to this subsection, divided by

7 “(B) an amount equal to the product of—

8 “(i) \$20, multiplied by

9 “(ii) the total number of qualifying
10 children of the taxpayer.

11 “(c) QUALIFYING CHILD.—

12 “(1) IN GENERAL.—In this section, the term
13 ‘qualifying child’ means a qualifying child of the tax-
14 payer (as defined in section 152(c)) who has not at-
15 tained 19 years of age.

16 “(2) EXCEPTION FOR CERTAIN NON-CITI-
17 ZENS.—The term ‘qualifying child’ shall not include
18 any individual who would not be a dependent if sub-
19 paragraph (A) of section 152(b)(3) were applied
20 without regard to all that follows ‘resident of the
21 United States’.

22 “(d) INFLATION ADJUSTMENT.—

23 “(1) IN GENERAL.—In the case of any taxable
24 year beginning after 2017, the \$3,000 amount in

1 subsection (a)(1) shall be increased by an amount
2 equal to—

3 “(A) such dollar amount, multiplied by

4 “(B) the cost of living adjustment deter-
5 mined under section 1(f)(3) for the calendar
6 year in which the taxable year begins deter-
7 mined by substituting ‘calendar year 2016’ for
8 ‘calendar year 1992’ in subparagraph (B)
9 thereof.

10 “(2) ROUNDING.—If any increase determined
11 under paragraph (1) is not a multiple of \$50, such
12 increase shall be rounded to the nearest multiple of
13 \$50.

14 “(e) IDENTIFICATION REQUIREMENTS.—

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

23 “(2) TAXPAYER IDENTIFICATION REQUIRE-
24 MENT.—No credit shall be allowed under this section
25 if the identifying number of the taxpayer was issued

1 after the due date for filing the return for the tax-
 2 able year.

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

8 “(g) RESTRICTIONS ON TAXPAYERS WHO IMPROP-
 9 ERLY CLAIMED CREDIT IN PRIOR YEAR.—

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

12 “(A) IN GENERAL.—No credit shall be al-
 13 lowed under this section for any taxable year in
 14 the disallowance period.

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

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

23 “(ii) the period of 2 taxable years
 24 after the most recent taxable year for
 25 which there was a final determination that

1 the taxpayer’s claim of credit under this
2 section was due to reckless or intentional
3 disregard of rules and regulations (but not
4 due to fraud).

5 “(2) TAXPAYERS MAKING IMPROPER PRIOR
6 CLAIMS.—In the case of a taxpayer who is denied
7 credit under this section for any taxable year as a
8 result of the deficiency procedures under subchapter
9 B of chapter 63, no credit shall be allowed under
10 this section for any subsequent taxable year unless
11 the taxpayer provides such information as the Sec-
12 retary may require to demonstrate eligibility for
13 such credit.

14 “(h) RECONCILIATION OF CREDIT AND ADVANCE
15 CREDIT.—

16 “(1) IN GENERAL.—The amount of the credit
17 allowed under this section for any taxable year shall
18 be reduced (but not below zero) by the aggregate
19 amount of any advance payments of such credit
20 under section 7527A for such taxable year.

21 “(2) EXCESS ADVANCE PAYMENTS.—If the ag-
22 gregate amount of advance payments under section
23 7527A for the taxable year exceed the amount of the
24 credit allowed under this section for such taxable
25 year (determined without regard to paragraph (1)),

1 the tax imposed by this chapter for such taxable
 2 year shall be increased by the amount of such ex-
 3 cess”.

4 (c) ADVANCE PAYMENT OF CREDIT.—Chapter 77 of
 5 the Internal Revenue Code of 1986 is amended by insert-
 6 ing after section 7527 the following new section:

7 **“SEC. 7527A. ADVANCE PAYMENT OF CHILD TAX CREDIT.**

8 “(a) IN GENERAL.—As soon as practicable and not
 9 later than 1 year after the date of the enactment of this
 10 section, the Secretary shall establish a program for mak-
 11 ing advance payments of the credit allowed under section
 12 36C on a monthly basis (determined without regard to
 13 subsection (h)(1) of such section), or as frequently as the
 14 Secretary determines to be administratively feasible, to
 15 taxpayers allowed such credit.

16 “(b) LIMITATION.—

17 “(1) IN GENERAL.—The Secretary may make
 18 payments under subsection (a) only to the extent
 19 that the total amount of such payments made to any
 20 taxpayer during the taxable year does not exceed an
 21 amount equal to the excess, if any, of—

22 “(A) subject to paragraph (2), the amount
 23 determined under subsection (a) of section 36C
 24 with respect to such taxpayer (determined with-

1 out regard to subsection (h) of such section) for
 2 such taxable year, over

3 “(B) the estimated tax imposed by subtitle
 4 A, as reduced by the credits allowable under
 5 subparts A and C (with the exception of section
 6 36C) of such part IV, with respect to such tax-
 7 payer for such taxable year, as determined in
 8 such manner as the Secretary deems appro-
 9 priate.

10 “(2) APPLICATION OF THRESHOLD AMOUNT
 11 LIMITATION.—The program described in subsection
 12 (a) shall make reasonable efforts to apply the limita-
 13 tion of section 36C(b) with respect to payments
 14 made under such program.”.

15 (d) CONFORMING AMENDMENTS.—

16 (1) The table of sections for subpart A of part
 17 IV of subchapter A of chapter 1 of subtitle A of the
 18 Internal Revenue Code of 1986 is amended by strik-
 19 ing the item relating to section 24.

20 (2) The table of sections for subpart C of part
 21 IV of subchapter A of chapter 1 of subtitle A of
 22 such Code is amended by inserting after the item re-
 23 lating to section 36B the following:

“Sec. 36C. Child tax credit.”.

1 (3) The table of sections for chapter 77 of such
 2 Code is amended by inserting after the item relating
 3 to section 7527 the following new item:

“Sec. 7527A. Advance payment of child tax credit.”.

4 (4) Subparagraph (B) of section 45R(f)(3) of
 5 such Code is amended to read as follows:

6 “(B) SPECIAL RULE.—Any amounts paid
 7 pursuant to an agreement under section 3121(l)
 8 (relating to agreements entered into by Amer-
 9 ican employers with respect to foreign affiliates)
 10 which are equivalent to the taxes referred to in
 11 subparagraph (A) shall be treated as taxes re-
 12 ferred to in such subparagraph.”.

13 (5) Section 152(f)(6)(B)(ii) of such Code is
 14 amended by striking “section 24” and inserting
 15 “section 36C”.

16 (6) Paragraph (26) of section 501(c) of such
 17 Code is amended in the flush matter at the end by
 18 striking “section 24(c))” and inserting “section
 19 36C(c)) who has not attained 17 years of age”.

20 (7) Section 6211(b)(4)(A) of such Code is
 21 amended—

22 (A) by striking “24(d),” and

23 (B) by inserting “36C,” after “36B,”.

24 (8) Section 6213(g)(2) of such Code is amend-
 25 ed—

1 (A) in subparagraph (I), by striking “sec-
2 tion 24(e)” and inserting “section 36C(e)”, and

3 (B) in subparagraph (L), by striking “24,
4 or 32” and inserting “32, or 36C”.

5 (9) Paragraph (2) of section 1324(b) of title
6 31, United States Code, is amended by inserting
7 “36C,” after “36B,”.

8 (e) EFFECTIVE DATE.—The amendments made by
9 this section shall apply to taxable years beginning after
10 December 31, 2016.

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