

116TH CONGRESS
2D SESSION

S. 5063

To amend the Internal Revenue Code of 1986 to provide additional recovery rebates to individuals.

IN THE SENATE OF THE UNITED STATES

DECEMBER 18, 2020

Mr. SANDERS 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 provide additional recovery rebates to individuals.

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 “Emergency Direct Pay-
5 ments Act”.

6 **SEC. 2. ADDITIONAL RECOVERY REBATES FOR INDIVID-**
7 **UALS.**

8 (a) IN GENERAL.—Subchapter B of chapter 65 of
9 subtitle F of the Internal Revenue Code of 1986 is amend-

1 ed by inserting after section 6428 the following new sec-
 2 tion:

3 **“SEC. 6428A. ADDITIONAL RECOVERY REBATES FOR INDIVIDUALS.**
 4 **VIDUALS.**

5 “(a) IN GENERAL.—In the case of an eligible indi-
 6 vidual, there shall be allowed as a credit against the tax
 7 imposed by subtitle A for the first taxable year beginning
 8 in 2020 an amount equal to the sum of—

9 “(1) \$1,200 (\$2,400 in the case of eligible indi-
 10 viduals filing a joint return), plus

11 “(2) an amount equal to the product of \$500
 12 multiplied by the number of dependents (as defined
 13 in section 152) of the taxpayer.

14 “(b) TREATMENT OF CREDIT.—The credit allowed by
 15 subsection (a) shall be treated as allowed by subpart C
 16 of part IV of subchapter A of chapter 1.

17 “(c) LIMITATION BASED ON ADJUSTED GROSS IN-
 18 COME.—The amount of the credit allowed by subsection
 19 (a) (determined without regard to this subsection and sub-
 20 section (e)) shall be reduced (but not below zero) by 5
 21 percent of so much of the taxpayer’s adjusted gross in-
 22 come as exceeds—

23 “(1) \$150,000 in the case of a joint return,

24 “(2) \$112,500 in the case of a head of house-
 25 hold, and

1 “(3) \$75,000 in the case of a taxpayer not de-
2 scribed in paragraph (1) or (2).

3 “(d) ELIGIBLE INDIVIDUAL.—For purposes of this
4 section, the term ‘eligible individual’ means any individual
5 other than—

6 “(1) any nonresident alien individual,

7 “(2) any individual with respect to whom a de-
8 duction under section 151 is allowable to another
9 taxpayer for a taxable year beginning in the cal-
10 endar year in which the individual’s taxable year be-
11 gins, and

12 “(3) an estate or trust.

13 “(e) COORDINATION WITH ADVANCE REFUNDS OF
14 CREDIT.—

15 “(1) IN GENERAL.—The amount of credit
16 which would (but for this paragraph) be allowable
17 under this section shall be reduced (but not below
18 zero) by the aggregate refunds and credits made or
19 allowed to the taxpayer under subsection (f). Any
20 failure to so reduce the credit shall be treated as
21 arising out of a mathematical or clerical error and
22 assessed according to section 6213(b)(1).

23 “(2) JOINT RETURNS.—In the case of a refund
24 or credit made or allowed under subsection (f) with
25 respect to a joint return, half of such refund or cred-

1 it shall be treated as having been made or allowed
 2 to each individual filing such return.

3 “(f) ADVANCE REFUNDS AND CREDITS.—

4 “(1) IN GENERAL.—Subject to paragraph (5),
 5 each individual who was an eligible individual for
 6 such individual’s first taxable year beginning in
 7 2019 shall be treated as having made a payment
 8 against the tax imposed by chapter 1 for such tax-
 9 able year in an amount equal to the advance refund
 10 amount for such taxable year.

11 “(2) ADVANCE REFUND AMOUNT.—For pur-
 12 poses of paragraph (1), the advance refund amount
 13 is the amount that would have been allowed as a
 14 credit under this section for such taxable year if this
 15 section (other than subsection (e) and this sub-
 16 section) had applied to such taxable year.

17 “(3) TIMING AND MANNER OF PAYMENTS.—

18 “(A) TIMING.—The Secretary shall, sub-
 19 ject to the provisions of this title, refund or
 20 credit any overpayment attributable to this sec-
 21 tion as rapidly as possible. No refund or credit
 22 shall be made or allowed under this subsection
 23 after December 31, 2021.

24 “(B) DELIVERY OF PAYMENTS.—Notwith-
 25 standing any other provision of law, the Sec-

1 retary may certify and disburse refunds payable
2 under this subsection electronically to any ac-
3 count to which the payee authorized, on or after
4 January 1, 2018, the delivery of a refund of
5 taxes under this title or of a Federal payment
6 (as defined in section 3332 of title 31, United
7 States Code).

8 “(C) WAIVER OF CERTAIN RULES.—Not-
9 withstanding section 3325 of title 31, United
10 States Code, or any other provision of law, with
11 respect to any payment of a refund under this
12 subsection, a disbursing official in the executive
13 branch of the United States Government may
14 modify payment information received from an
15 officer or employee described in section
16 3325(a)(1)(B) of such title for the purpose of
17 facilitating the accurate and efficient delivery of
18 such payment. Except in cases of fraud or reck-
19 less neglect, no liability under section 3325,
20 3527, 3528, or 3529 of title 31, United States
21 Code, shall be imposed with respect to pay-
22 ments made under this subparagraph.

23 “(4) NO INTEREST.—No interest shall be al-
24 lowed on any overpayment attributable to this sec-
25 tion.

1 “(5) ALTERNATE TAXABLE YEAR.—In the case
 2 of an individual who, at the time of any determina-
 3 tion made pursuant to paragraph (3), has not filed
 4 a tax return for the year described in paragraph (1),
 5 the Secretary may—

6 “(A) apply such paragraph by substituting
 7 ‘2018’ for ‘2019’, and

8 “(B) if the individual has not filed a tax
 9 return for such individual’s first taxable year
 10 beginning in 2018, use information with respect
 11 to such individual for calendar year 2019 pro-
 12 vided in—

13 “(i) Form SSA–1099, Social Security
 14 Benefit Statement, or

15 “(ii) Form RRB–1099, Social Secu-
 16 rity Equivalent Benefit Statement.

17 “(6) PAYMENT TO REPRESENTATIVE PAYEES
 18 AND FIDUCIARIES.—

19 “(A) IN GENERAL.—In the case of any in-
 20 dividual for which payment information is pro-
 21 vided to the Secretary by the Commissioner of
 22 Social Security, the Railroad Retirement Board,
 23 or the Secretary of Veterans Affairs, the pay-
 24 ment by the Secretary under paragraph (3)
 25 with respect to such individual may be made to

1 such individual's representative payee or fidu-
2 ciary and the entire payment shall be—

3 “(i) provided to the individual who is
4 entitled to the payment, or

5 “(ii) used only for the benefit of the
6 individual who is entitled to the payment.

7 “(B) APPLICATION OF ENFORCEMENT
8 PROVISIONS.—

9 “(i) In the case of a payment de-
10 scribed in subparagraph (A) which is made
11 with respect to a social security beneficiary
12 or a supplemental security income recipi-
13 ent, section 1129(a)(3) of the Social Secu-
14 rity Act (42 U.S.C. 1320a–8(a)(3)) shall
15 apply to such payment in the same manner
16 as such section applies to a payment under
17 title II or XVI of such Act.

18 “(ii) In the case of a payment de-
19 scribed in subparagraph (A) which is made
20 with respect to a railroad retirement bene-
21 ficiary, section 13 of the Railroad Retire-
22 ment Act (45 U.S.C. 2311) shall apply to
23 such payment in the same manner as such
24 section applies to a payment under such
25 Act.

1 “(iii) In the case of a payment de-
2 scribed in subparagraph (A) which is made
3 with respect to a veterans beneficiary, sec-
4 tions 5502, 6106, and 6108 of title 38,
5 United States Code, shall apply to such
6 payment in the same manner as such sec-
7 tions apply to a payment under such title.

8 “(7) NOTICE TO TAXPAYER.—Not later than 15
9 days after the date on which the Secretary distrib-
10 uted any payment to an eligible taxpayer pursuant
11 to this subsection, notice shall be sent by mail to
12 such taxpayer’s last known address. Such notice
13 shall indicate the method by which such payment
14 was made, the amount of such payment, and a
15 phone number for the appropriate point of contact
16 at the Internal Revenue Service to report any failure
17 to receive such payment.

18 “(g) IDENTIFICATION NUMBER REQUIREMENT.—

19 “(1) IN GENERAL.—In the case of any taxpayer
20 who does not include the valid identification number
21 of such taxpayer on the return of tax for the taxable
22 year, subsection (a)(1) shall be applied by sub-
23 stituting ‘\$0’ for ‘\$1,200’.

24 “(2) JOINT RETURNS.—In the case of a joint
25 return—

1 “(A) if the valid identification number of
 2 only 1 spouse is included on the return of tax
 3 for the taxable year—

4 “(i) subsection (a)(1) shall be applied
 5 by substituting ‘\$1,200’ for ‘\$2,400’, and

6 “(ii) subsection (c)(1) shall be applied
 7 by substituting ‘\$75,000’ for ‘\$150,000’,
 8 or

9 “(B) if the valid identification number of
 10 neither spouse is included on the return of tax
 11 for the taxable year, subsection (a)(1) shall be
 12 applied by substituting ‘\$0’ for ‘\$2,400’.

13 “(3) DEPENDENT.—A dependent of a taxpayer
 14 shall not be taken into account under subsection
 15 (a)(2) unless—

16 “(A) the taxpayer includes the valid identi-
 17 fication number of such taxpayer (or, in the
 18 case of a joint return, the valid identification
 19 number of at least 1 spouse) on the return of
 20 tax for the taxable year, and

21 “(B) the valid identification number of
 22 such dependent is included on the return of tax
 23 for the taxable year.

24 “(4) VALID IDENTIFICATION NUMBER.—

1 “(A) IN GENERAL.—For purposes of this
2 subsection, the term ‘valid identification num-
3 ber’ means a social security number (as such
4 term is defined in section 24(h)(7)).

5 “(B) ADOPTION TAXPAYER IDENTIFICA-
6 TION NUMBER.—For purposes of paragraph
7 (3)(B), in the case of a dependent who is adopt-
8 ed or placed for adoption, the term ‘valid identi-
9 fication number’ shall include the adoption tax-
10 payer identification number of such dependent.

11 “(5) SPECIAL RULE FOR MEMBERS OF THE
12 ARMED FORCES.—Paragraph (2) shall not apply in
13 the case where at least 1 spouse was a member of
14 the Armed Forces of the United States at any time
15 during the taxable year and the valid identification
16 number of at least 1 spouse is included on the re-
17 turn of tax for the taxable year.

18 “(6) MATHEMATICAL OR CLERICAL ERROR AU-
19 THORITY.—Any omission of a correct valid identi-
20 fication number required under this subsection shall
21 be treated as a mathematical or clerical error for
22 purposes of applying section 6213(g)(2) to such
23 omission.

24 “(h) REGULATIONS.—The Secretary shall prescribe
25 such regulations or other guidance as may be necessary

1 to carry out the purposes of this section, including any
2 such measures as are deemed appropriate to avoid allow-
3 ing multiple credits or rebates to a taxpayer.”.

4 (b) ADMINISTRATIVE AMENDMENTS.—

5 (1) DEFINITION OF DEFICIENCY.—Section
6 6211(b)(4)(A) of the Internal Revenue Code of 1986
7 is amended by striking “and 6428” and inserting
8 “6428, and 6428A”.

9 (2) MATHEMATICAL OR CLERICAL ERROR AU-
10 THORITY.—Section 6213(g)(2)(L) of such Code is
11 amended by striking “or 6428” and inserting “6428,
12 or 6428A”.

13 (c) TREATMENT OF POSSESSIONS.—

14 (1) PAYMENTS TO POSSESSIONS.—

15 (A) MIRROR CODE POSSESSION.—The Sec-
16 retary of the Treasury shall pay to each posses-
17 sion of the United States which has a mirror
18 code tax system amounts equal to the loss (if
19 any) to that possession by reason of the amend-
20 ments made by this section. Such amounts shall
21 be determined by the Secretary of the Treasury
22 based on information provided by the govern-
23 ment of the respective possession.

24 (B) OTHER POSSESSIONS.—The Secretary
25 of the Treasury shall pay to each possession of

1 the United States which does not have a mirror
2 code tax system amounts estimated by the Sec-
3 retary of the Treasury as being equal to the ag-
4 gregate benefits (if any) that would have been
5 provided to residents of such possession by rea-
6 son of the amendments made by this section if
7 a mirror code tax system had been in effect in
8 such possession. The preceding sentence shall
9 not apply unless the respective possession has a
10 plan, which has been approved by the Secretary
11 of the Treasury, under which such possession
12 will promptly distribute such payments to its
13 residents.

14 (2) COORDINATION WITH CREDIT ALLOWED
15 AGAINST UNITED STATES INCOME TAXES.—No cred-
16 it shall be allowed against United States income
17 taxes under section 6428A of the Internal Revenue
18 Code of 1986 (as added by this section) to any per-
19 son—

20 (A) to whom a credit is allowed against
21 taxes imposed by the possession by reason of
22 the amendments made by this section, or

23 (B) who is eligible for a payment under a
24 plan described in paragraph (1)(B).

25 (3) DEFINITIONS AND SPECIAL RULES.—

1 (A) POSSESSION OF THE UNITED
 2 STATES.—For purposes of this subsection, the
 3 term “possession of the United States” includes
 4 the Commonwealth of Puerto Rico and the
 5 Commonwealth of the Northern Mariana Is-
 6 lands.

7 (B) MIRROR CODE TAX SYSTEM.—For pur-
 8 poses of this subsection, the term “mirror code
 9 tax system” means, with respect to any posses-
 10 sion of the United States, the income tax sys-
 11 tem of such possession if the income tax liabil-
 12 ity 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 (C) TREATMENT OF PAYMENTS.—For pur-
 17 poses of section 1324 of title 31, United States
 18 Code, the payments under this subsection shall
 19 be treated in the same manner as a refund due
 20 from a credit provision referred to in subsection
 21 (b)(2) of such section.

22 (d) EXCEPTION FROM REDUCTION, OFFSET, GAR-
 23 NISHMENT, ETC.—

24 (1) IN GENERAL.—Any credit or refund allowed
 25 or made to any individual by reason of section

1 6428A of the Internal Revenue Code of 1986 (as
2 added by this section) or by reason of subsection (c)
3 of this section shall not be—

4 (A) subject to reduction or offset pursuant
5 to section 3716 or 3720A of title 31, United
6 States Code,

7 (B) subject to reduction or offset pursuant
8 to subsection (d), (e), or (f) of section 6402 of
9 the Internal Revenue Code of 1986, or

10 (C) reduced or offset by other assessed
11 Federal taxes that would otherwise be subject
12 to levy or collection.

13 (2) ASSIGNMENT OF BENEFITS.—

14 (A) IN GENERAL.—Any applicable pay-
15 ment shall not be subject to transfer, assign-
16 ment, execution, levy, attachment, garnishment,
17 or other legal process, or the operation of any
18 bankruptcy or insolvency law, to the same ex-
19 tent as payments described in section 207 of
20 the Social Security Act (42 U.S.C. 407) without
21 regard to subsection (b) thereof.

22 (B) ENCODING OF PAYMENTS.—As soon as
23 practicable after the date of the enactment of
24 this paragraph, the Secretary of the Treasury

1 shall encode applicable payments that are paid
2 electronically to any account—

3 (i) with a unique identifier that is rea-
4 sonably sufficient to allow a financial insti-
5 tution to identify the payment as a pay-
6 ment protected under subparagraph (A),
7 and

8 (ii) pursuant to the same specifica-
9 tions as required for a benefit payment to
10 which part 212 of title 31, Code of Federal
11 regulations applies.

12 (C) GARNISHMENT.—

13 (i) ENCODED PAYMENTS.—Upon re-
14 ceipt of a garnishment order that applies
15 to an account that has received an applica-
16 ble payment that is encoded as provided in
17 subparagraph (B), a financial institution
18 shall follow the requirements and proce-
19 dures set forth in part 212 of title 31,
20 Code of Federal Regulations. This para-
21 graph shall not alter the status of pay-
22 ments as tax refunds or other nonbenefit
23 payments for purpose of any reclamation
24 rights of the Department of the Treasury
25 or the Internal Revenue Service as per

1 part 210 of title 31 of the Code of Federal
2 Regulations.

3 (ii) OTHER PAYMENTS.—If a financial
4 institution receives a garnishment order
5 (other than an order that has been served
6 by the United States) that applies to an
7 account into which an applicable payment
8 that has not been encoded as provided in
9 subparagraph (B) has been deposited on
10 any date in the prior 60 days (including
11 any date before the date of the enactment
12 of this paragraph), the financial institu-
13 tion, upon the request of the account hold-
14 er or for purposes of complying in good
15 faith with a State order, State law, court
16 order, or interpretation by a State Attor-
17 ney General relating to garnishment order,
18 may, but is not required to, treat the
19 amount of the payment as exempt under
20 law from garnishment without requiring
21 the account holder to assert any right of
22 garnishment exemption or requiring the
23 consent of the judgment creditor.

24 (iii) LIABILITY.—A financial institu-
25 tion that complies in good faith with clause

(i) or that acts in good faith in reliance on clause (ii) shall not be liable under any Federal or State law, regulation, or court or other order to a creditor that initiates an order for any protected amounts, to an account holder for any frozen amounts or garnishment order applied.

(D) DEFINITIONS.—For purposes of this paragraph—

(i) ACCOUNT HOLDER.—The term “account holder” means a natural person against whom a garnishment order is issued and whose name appears in a financial institution’s records.

(ii) APPLICABLE PAYMENT.—The term “applicable payment” means any payment of credit or refund by reason of section 6428A of such Code (as so added) or by reason of subsection (c) of this section.

(iii) GARNISHMENT.—The term “garnishment” means execution, levy, attachment, garnishment, or other legal process.

(iv) GARNISHMENT ORDER.—

(I) IN GENERAL.—The term “garnishment order” means a writ,

1 order, notice, summons, judgment,
 2 levy, or similar written instruction
 3 issued by a court, a State or State
 4 agency, or a municipality or municipal
 5 corporation, including an order to
 6 freeze the assets in an account, to ef-
 7 fect a garnishment against a debtor.

8 (II) EXCEPTION FOR CHILD SUP-
 9 PORT.—The term “garnishment
 10 order” shall not include any writ,
 11 order, notice, summons, judgment,
 12 levy or other similar written instruc-
 13 tion issued by a State child support
 14 enforcement agency.

15 (E) EXCEPTION FOR CHILD SUPPORT.—

16 Nothing in this subsection shall prevent or prej-
 17 udice the enforcement of any writ, order, notice,
 18 summons, judgment, levy or other similar writ-
 19 ten instruction issued by a State child support
 20 enforcement agency.

21 (e) PUBLIC AWARENESS CAMPAIGN.—The Secretary

22 of the Treasury (or the Secretary’s delegate) shall conduct
 23 a public awareness campaign, in coordination with the
 24 Commissioner of Social Security and the heads of other
 25 relevant Federal agencies, to provide information regard-

1 ing the availability of the credit and rebate allowed under
 2 section 6428A of the Internal Revenue Code of 1986 (as
 3 added by this section), including information with respect
 4 to individuals who may not have filed a tax return for tax-
 5 able year 2018 or 2019.

6 (f) APPROPRIATIONS TO CARRY OUT REBATES.—

7 (1) IN GENERAL.—Immediately upon the enact-
 8 ment of this Act, the following sums are appro-
 9 priated, out of any money in the Treasury not other-
 10 wise appropriated, for the fiscal year ending Sep-
 11 tember 30, 2021:

12 (A) DEPARTMENT OF THE TREASURY.—

13 (i) For an additional amount for “De-
 14 partment of the Treasury—Bureau of the
 15 Fiscal Service—Salaries and Expenses”,
 16 \$78,650,000, to remain available until
 17 September 30, 2022.

18 (ii) For an additional amount for
 19 “Department of the Treasury—Internal
 20 Revenue Service—Taxpayer Services”,
 21 \$293,500,000, to remain available until
 22 September 30, 2022.

23 (iii) For an additional amount for
 24 “Department of the Treasury—Internal
 25 Revenue Service—Operations Support”,

1 \$170,000,000, to remain available until
2 September 30, 2022.

3 (iv) For an additional amount for
4 “Department of the Treasury—Internal
5 Revenue Service—Enforcement”,
6 \$37,200,000, to remain available until
7 September 30, 2022.

8 Amounts made available in appropriations
9 under clauses (ii), (iii), and (iv) of this subpara-
10 graph may be transferred between such appro-
11 priations upon the advance notification of the
12 Committees on Appropriations of the House of
13 Representatives and the Senate. Such transfer
14 authority is in addition to any other transfer
15 authority provided by law.

16 (B) SOCIAL SECURITY ADMINISTRATION.—
17 For an additional amount for “Social Security
18 Administration—Limitation on Administrative
19 Expenses”, \$38,000,000, to remain available
20 until September 30, 2022.

21 (2) REPORTS.—No later than 15 days after en-
22 actment of this Act, the Secretary of the Treasury
23 shall submit a plan to the Committees on Appropria-
24 tions of the House of Representatives and the Sen-
25 ate detailing the expected use of the funds provided

1 by paragraph (1)(A). Beginning 90 days after enact-
2 ment of this Act, the Secretary of the Treasury shall
3 submit a quarterly report to the Committees on Ap-
4 propriations of the House of Representatives and the
5 Senate detailing the actual expenditure of funds pro-
6 vided by paragraph (1)(A) and the expected expendi-
7 ture of such funds in the subsequent quarter.

8 (g) CONFORMING AMENDMENTS.—

9 (1) Paragraph (2) of section 1324(b) of title
10 31, United States Code, is amended by inserting
11 “6428A,” after “6428,”.

12 (2) The table of sections for subchapter B of
13 chapter 65 of subtitle F of the Internal Revenue
14 Code of 1986 is amended by inserting after the item
15 relating to section 6428 the following:

“Sec. 6428A. Additional recovery rebates for individuals.”.

