

**AMENDMENT TO THE AMENDMENT IN THE
NATURE OF A SUBSTITUTE TO H.R. 6914
OFFERED BY MR. COURTNEY OF CONNECTICUT
(The Pregnant Students' Rights Act)**

Page 5, after line 2, insert the following:

1 **SEC. 4. 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—

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

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

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

14 “(2) LIMITATIONS BASED ON MODIFIED AD-
15 JUSTED GROSS INCOME.—

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

1 “(B) LIMITATION ON INITIAL REDUC-
2 TION.—In the case of any calendar month be-
3 ginning before January 1, 2026, the amount of
4 the reduction under subparagraph (A) shall not
5 exceed the lesser of—

6 “(i) the excess (if any) of—

7 “(I) the monthly specified child
8 allowance with respect to the taxpayer
9 for such calendar month (determined
10 without regard to this paragraph),
11 over

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

17 “(ii) $\frac{1}{12}$ of 5 percent of the excess of
18 the secondary threshold amount over the
19 initial threshold amount.

20 “(C) SECONDARY REDUCTION.—In the
21 case of any calendar month beginning before
22 January 1, 2026, the monthly specified child al-
23 lowance otherwise determined under paragraph
24 (1) with respect to any taxpayer for such cal-
25 endar month (determined after the application

1 of subparagraphs (A) and (B)) shall be reduced
2 (but not below zero) by $\frac{1}{12}$ of 5 percent of the
3 excess (if any) of the taxpayer's modified ad-
4 justed gross income for the applicable taxable
5 year over the secondary threshold amount.

6 “(D) DEFINITIONS RELATED TO LIMITA-
7 TIONS BASED ON MODIFIED ADJUSTED GROSS
8 INCOME.—For purposes of this paragraph—

9 “(i) INITIAL THRESHOLD AMOUNT.—
10 The term ‘initial threshold amount’
11 means—

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

15 “(II) $\frac{1}{2}$ the dollar amount in ef-
16 fect under subclause (I), in the case of
17 a married individual filing a separate
18 return, and

19 “(III) \$112,500, in any other
20 case.

21 “(ii) SECONDARY THRESHOLD
22 AMOUNT.—The term ‘secondary threshold
23 amount’ means—

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

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

7 “(III) \$200,000, in any other
8 case.

9 “(iii) APPLICABLE TAXABLE YEAR.—
10 The term ‘applicable taxable year’ means,
11 with respect to any taxable year for which
12 the credit under this section is deter-
13 mined—

14 “(I) such taxable year, or

15 “(II) if the taxpayer elects the
16 application of this subclause (at such
17 time and in such form and manner as
18 the Secretary may provide), the pre-
19 ceding taxable year or the second pre-
20 ceding taxable year (as specified in
21 such election).

22 “(iv) MODIFIED ADJUSTED GROSS IN-
23 COME.—The term ‘modified adjusted gross
24 income’ means adjusted gross income in-
25 creased by any amount excluded from

1 gross income under section 911, 931, or
2 933.

3 “(3) INFLATION ADJUSTMENTS.—

4 “(A) MONTHLY SPECIFIED CHILD ALLOW-
5 ANCE.—In the case of any month beginning
6 after December 31, 2023, the \$250 amount in
7 paragraph (1)(A) shall be increased by an
8 amount equal to—

9 “(i) such dollar amount, multiplied
10 by—

11 “(ii) the percentage (if any) by
12 which—

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

17 “(II) the CPI (as so defined) for
18 calendar year 2020.

19 “(B) INITIAL THRESHOLD AMOUNT.—In
20 the case of any taxable year beginning after De-
21 cember 31, 2023, the dollar amounts in sub-
22 clauses (I) and (III) of paragraph (2)(D)(i)
23 shall each be increased by an amount equal
24 to—

25 “(i) such dollar amount, multiplied by

1 “(ii) the percentage (if any) which
2 would be determined under subparagraph
3 (A)(ii) if subclause (II) thereof were ap-
4 plied by substituting ‘2022’ for ‘2020’.

5 “(C) ROUNDING.—

6 “(i) MONTHLY SPECIFIED CHILD AL-
7 LOWANCE.—Any increase under subpara-
8 graph (A) which is not a multiple of \$10
9 shall be rounded to the nearest multiple of
10 \$10.

11 “(ii) INITIAL THRESHOLD AMOUNT.—
12 Any increase under subparagraph (B)
13 which is not a multiple of \$5,000 shall be
14 rounded to the nearest multiple of \$5,000.

15 “(c) SPECIFIED CHILD.—For purposes of this sec-
16 tion—

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

20 “(A) who has the same principal place of
21 abode as the taxpayer for more than one-half of
22 such month,

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

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

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

5 “(E) who either—

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

8 “(ii) if the taxpayer is a citizen or na-
9 tional of the United States, such individual
10 is described in section 152(f)(1)(B) with
11 respect to such taxpayer.

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

17 “(3) CARE FROM THE TAXPAYER.—

18 “(A) IN GENERAL.—Except as otherwise
19 provided by the Secretary, whether any indi-
20 vidual receives care from the taxpayer (within
21 the meaning of paragraph (1)(C)) shall be de-
22 termined on the basis of facts and cir-
23 cumstances with respect to the following fac-
24 tors:

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

4 “(ii) The maintenance by the taxpayer
5 of a secure environment at which the indi-
6 vidual resides.

7 “(iii) The provision or arrangement by
8 the taxpayer of, and transportation by the
9 taxpayer to, medical care at regular inter-
10 vals and as required for the individual.

11 “(iv) The involvement by the taxpayer
12 in, and financial and other support by the
13 taxpayer for, educational or similar activi-
14 ties of the individual.

15 “(v) Any other factor that the Sec-
16 retary determines to be appropriate to de-
17 termine whether the individual receives
18 care from the taxpayer.

19 “(B) DETERMINATION OF WHETHER CARE
20 IS COMPENSATED.—For purposes of deter-
21 mining if care is compensated within the mean-
22 ing of paragraph (1)(C), compensation from the
23 Federal Government, a State or local govern-
24 ment, a Tribal government, or any possession of

1 the United States shall not be taken into ac-
2 count.

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

4 “(A) IN GENERAL.—Except as provided in
5 subparagraph (D), if any individual would (but
6 for this paragraph) be a specified child of 2 or
7 more taxpayers for any month, such individual
8 shall be treated as the specified child only of
9 the taxpayer who is—

10 “(i) the parent of the individual (or, if
11 such individual would (but for this para-
12 graph) be a specified child of 2 or more
13 parents of the individual for such month,
14 the parent of the individual determined
15 under subparagraph (B)),

16 “(ii) if the individual is not a specified
17 child of any parent of the individual (deter-
18 mined without regard to this paragraph),
19 the specified relative of the individual with
20 the highest adjusted gross income for the
21 taxable year which includes such month, or

22 “(iii) if the individual is neither a
23 specified child of any parent of the indi-
24 vidual nor a specified child of any specified
25 relative of the individual (in both cases de-

1 terminated without regard to this para-
2 graph), the taxpayer with the highest ad-
3 justed gross income for the taxable year
4 which includes such month.

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

10 “(i) the parent with whom the child
11 resided for the longest period of time dur-
12 ing such month, or

13 “(ii) if the child resides with both par-
14 ents for the same amount of time during
15 such month, the parent with the highest
16 adjusted gross income for the taxable year
17 which includes such month.

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

21 “(i) an ancestor of a parent of the
22 specified child,

23 “(ii) a brother or sister of a parent of
24 the specified child, or

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

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

8 “(i) such parent or specified relative
9 elects to have such individual not be treat-
10 ed as a specified child of such parent or
11 specified relative for such month,

12 “(ii) in the case of a parent of such
13 individual, the adjusted gross income of
14 the taxpayer (with respect to whom such
15 individual would be treated as a specified
16 child after application of this subpara-
17 graph) for the taxable year which includes
18 such month is higher than the highest ad-
19 justed gross income of any parent of the
20 individual for any taxable year which in-
21 cludes such month (determined without re-
22 gard to any parent with respect to whom
23 such individual is not a specified child, de-
24 termined without regard to subparagraphs

1 (A) and (B) and after application of this
2 subparagraph), and

3 “(iii) in the case of a specified relative
4 of such individual, the adjusted gross in-
5 come of the taxpayer (with respect to
6 whom such individual would be treated as
7 a specified child after application of this
8 subparagraph) for the taxable year which
9 includes such month is higher than the
10 highest adjusted gross income of any par-
11 ent and any specified relative of the indi-
12 vidual for any taxable year which includes
13 such month (determined without regard to
14 any parent and any specified relative with
15 respect to whom such individual is not a
16 specified child, determined without regard
17 to subparagraphs (A) and (B) and after
18 application of this subparagraph).

19 “(E) TREATMENT OF JOINT RETURNS.—
20 For purposes of this paragraph, with respect to
21 any month, the adjusted gross income of each
22 person who files a joint return for the taxable
23 year which includes such month is the total ad-
24 justed gross income shown on the joint return
25 for the taxable year.

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

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

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

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

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

18 “(iii) not be treated as a day at any
19 other location.

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

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

1 “(ii) under the facts and cir-
2 cumstances, it is reasonable to assume that
3 the individual will return to reside at the
4 place of abode.

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

8 “(7) ELIGIBILITY DETERMINED ON BASIS OF
9 PRESUMPTIVE ELIGIBILITY.—

10 “(A) IN GENERAL.—If a period of pre-
11 sumptive eligibility is established under section
12 7527B(c) for any individual with respect to any
13 taxpayer—

14 “(i) such individual shall be treated as
15 the specified child of such taxpayer for any
16 month in such period of presumptive eligi-
17 bility, and

18 “(ii) such individual shall not be
19 treated as the specified child of any other
20 taxpayer with respect to whom a period of
21 presumptive eligibility has not been estab-
22 lished for any such month.

23 “(B) ABILITY OF CREDIT CLAIMANTS TO
24 ESTABLISH PRESUMPTIVE ELIGIBILITY.—Noth-
25 ing in section 7527B(c) shall be interpreted to

1 preclude a taxpayer from establishing a period
2 of presumptive eligibility (including any such
3 period described in section 7527B(c)(2)(D))
4 with respect to any specified child for purposes
5 of this section solely because such taxpayer af-
6 firmatively elects not to receive monthly ad-
7 vance child payments under section 7527B.

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

17 “(e) IDENTIFICATION REQUIREMENTS.—

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

1 “(2) TAXPAYER IDENTIFICATION REQUIRE-
2 MENT.—No credit shall be allowed under this section
3 if the taxpayer identification number of the taxpayer
4 was issued after the due date for filing the return
5 for the taxable year.

6 “(f) RESTRICTIONS ON TAXPAYERS WHO IMPROP-
7 ERLY CLAIMED CREDIT OR IMPROPERLY RECEIVED
8 MONTHLY ADVANCE CHILD PAYMENT.—

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

11 “(A) IN GENERAL.—No credit shall be al-
12 lowed under this section for any taxable year
13 (and no payment shall be made under section
14 7527B for any month) in the disallowance pe-
15 riod.

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

19 “(i) the period of 10 taxable years
20 after the most recent taxable year for
21 which there was a final determination that
22 the taxpayer’s claim of credit under this
23 section or section 24 (or payment received
24 under section 7527A or 7527B) was due to
25 fraud,

1 “(ii) the period of 2 taxable years
2 after the most recent taxable year for
3 which there was a final determination that
4 the taxpayer’s claim of credit under this
5 section or section 24 (or payment received
6 under section 7527A or 7527B) was due to
7 reckless or intentional disregard of rules
8 and regulations (but not due to fraud),
9 and

10 “(iii) in addition to any period deter-
11 mined under clause (i) or (ii) (as the case
12 may be), the period beginning on the date
13 of the final determination described in
14 such clause and ending with the beginning
15 of the period described in such clause.

16 “(2) TAXPAYERS MAKING IMPROPER PRIOR
17 CLAIMS.—In the case of a taxpayer who is denied
18 credit under this section or section 24 for any tax-
19 able year as a result of the deficiency procedures
20 under subchapter B of chapter 63, no credit shall be
21 allowed under this section for any subsequent tax-
22 able year (and no payment shall be made under sec-
23 tion 7527B for any subsequent month) unless the
24 taxpayer provides such information as the Secretary

1 may require to demonstrate eligibility for such cred-
2 it.

3 “(3) COORDINATION WITH POSSESSIONS OF
4 THE UNITED STATES.—For purposes of this sub-
5 section, a taxpayer’s claim of credit under this sec-
6 tion or section 24 (or payment received under sec-
7 tion 7527A or section 7527B) includes a claim of
8 credit under this section or section 24 of the income
9 tax law of any jurisdiction other than the United
10 States (or similar payment received under section
11 7527A or section 7527B of such income tax law),
12 and a claim made or a payment received from Amer-
13 ican Samoa pursuant to a plan described in sub-
14 section (i)(3)(B) or section 24(k)(3)(B).

15 “(g) RECONCILIATION OF CREDIT AND MONTHLY
16 ADVANCE CHILD PAYMENTS.—

17 “(1) IN GENERAL.—The amount otherwise de-
18 termined under subsection (a) with respect to any
19 taxpayer for any taxable year shall be reduced (but
20 not below zero) by the aggregate amount of pay-
21 ments made under section 7527B to such taxpayer
22 for one or more calendar months in such taxable
23 year. Any failure to so reduce the credit shall be
24 treated as arising out of a mathematical or clerical
25 error and assessed according to section 6213(b)(1).

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

7 “(A) the aggregate amount of payments
8 made to the taxpayer under section 7527B for
9 one or more calendar months in such taxable
10 year, over

11 “(B) the amount determined under sub-
12 section (a) with respect to the taxpayer for such
13 taxable year (without regard to paragraph (1)
14 of this subsection).

15 “(3) TAXPAYERS SUBJECT TO RECAPTURE.—

16 “(A) FRAUD OR RECKLESS OR INTEN-
17 TIONAL DISREGARD OF RULES AND REGULA-
18 TIONS.—A taxpayer is described in this para-
19 graph with respect to any taxable year if the
20 Secretary determines that the amount described
21 in paragraph (2)(A) with respect to the tax-
22 payer for such taxable year was determined on
23 the basis of fraud or a reckless or intentional
24 disregard of rules and regulations.

1 “(B) UNDERSTATEMENT OF INCOME;
2 CHANGES IN FILING STATUS.—If the amount
3 described in paragraph (2)(A) with respect to
4 the taxpayer for the taxable year was deter-
5 mined on the basis of an amount of the tax-
6 payer’s modified adjusted gross income which
7 was less than the taxpayer’s modified adjusted
8 gross income for the applicable taxable year (as
9 defined in subsection (b))—

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

12 “(ii) the increase determined under
13 paragraph (2) by reason of this subpara-
14 graph shall not exceed the excess of—

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

17 “(II) the amount which would be
18 so described if the payments described
19 therein had been determined on the
20 basis of the taxpayer’s modified ad-
21 justed gross income for the applicable
22 taxable year (as defined in subsection
23 (b)).

24 A rule similar to the rule of the preceding
25 sentence shall apply if the amount de-

1 scribed in paragraph (2)(A) with respect to
2 the taxpayer for the taxable year was de-
3 termined on the basis of a filing status of
4 the taxpayer which differs from the tax-
5 payer's filing status for the applicable tax-
6 able year (as so defined).

7 “(C) PAYMENTS MADE OUTSIDE OF PE-
8 RIOD OF PRESUMPTIVE ELIGIBILITY.—If any
9 payment described in paragraph (2)(A) with re-
10 spect to the taxpayer for the taxable year was
11 made with respect to a child for a month which
12 was not part of a period of presumptive eligi-
13 bility established under section 7527B(c) for
14 such child with respect to such taxpayer—

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

17 “(ii) the increase determined under
18 paragraph (2) by reason of this subpara-
19 graph shall not exceed the portion of such
20 payment so made.

21 “(D) CERTAIN PAYMENTS MADE AFTER
22 NOTICE FROM SECRETARY.—If the Secretary
23 notifies a taxpayer under section 7527B(j)(2)
24 that such taxpayer is subject to recapture with
25 respect to any payments—

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

3 “(ii) the increase determined under
4 paragraph (2) by reason of this subpara-
5 graph shall not exceed the aggregate
6 amount of such payments.

7 “(E) TAXPAYERS MOVING TO ANOTHER
8 JURISDICTION.—To minimize the amount of ad-
9 vance payments made under section 7527B to
10 ineligible individuals, the Secretary shall issue
11 regulations or other guidance for purposes of
12 this paragraph which apply with respect to tax-
13 payers who are described in section
14 7527B(b)(4) with respect to the reference
15 month but are not so described with respect to
16 one or more months during the taxable year for
17 which advance payments under section 7527B
18 are made.

19 “(F) OTHER CIRCUMSTANCES TO PREVENT
20 ABUSE.—A taxpayer is described in this para-
21 graph with respect to any taxable year pursuant
22 to regulations or other guidance of the Sec-
23 retary describing other recapture circumstances
24 to facilitate the administration and enforcement
25 by the Secretary of section 7527B to minimize

1 the amount of advance payments made under
2 section 7527B to ineligible individuals and to
3 prevent abuse.

4 “(4) JOINT RETURNS.—Except as otherwise
5 provided by the Secretary, in the case of an advance
6 payment made under section 7527B with respect to
7 a joint return, half of such payment shall be treated
8 as having been made to each individual filing such
9 return.

10 “(5) COORDINATION WITH POSSESSIONS OF
11 THE UNITED STATES.—For purposes of this sub-
12 section, payments made under section 7527B include
13 payments made by any jurisdiction other than the
14 United States under section 7527B of the income
15 tax law of such jurisdiction, and advance payments
16 made by American Samoa pursuant to a plan de-
17 scribed in subsection (h)(3)(B). Any increase in tax
18 imposed on a taxpayer by reason of paragraph (2)
19 of the income tax law of a jurisdiction other than
20 the United States shall be considered to reduce the
21 aggregate amount of payments made to such tax-
22 payer by such jurisdiction. In carrying out this sec-
23 tion, the Secretary shall coordinate with each posses-
24 sion of the United States to prevent any application

1 of this paragraph that is inconsistent with the pur-
2 poses of this subsection.

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

4 “(1) MIRROR CODE POSSESSIONS.—

5 “(A) IN GENERAL.—The Secretary shall
6 pay to each possession of the United States
7 with a mirror code tax system amounts equal to
8 the loss (if any) to that possession by reason of
9 the application of this section (determined with-
10 out regard to this subsection) with respect to
11 taxable years beginning in calendar years after
12 2023. Such amounts shall be determined by the
13 Secretary based on information provided by the
14 government of the respective possession.

15 “(B) COORDINATION WITH CREDIT AL-
16 LOWED AGAINST UNITED STATES INCOME
17 TAXES.—No credit shall be allowed under this
18 section for any taxable year to any individual to
19 whom a credit is allowable against taxes im-
20 posed by a possession of the United States with
21 a mirror code tax system by reason of the appli-
22 cation of this section in such possession for
23 such taxable year.

24 “(C) MIRROR CODE TAX SYSTEM.—For
25 purposes of this paragraph, the term ‘mirror

1 code tax system’ means, with respect to any
2 possession of the United States, the income tax
3 system of such possession if the income tax li-
4 ability of the residents of such possession under
5 such system is determined by reference to the
6 income tax laws of the United States as if such
7 possession were the United States.

8 “(2) CROSS REFERENCES RELATED TO APPLI-
9 CATION OF CREDIT TO RESIDENTS OF PUERTO
10 RICO.—

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

13 “(B) For application of advance payment
14 to residents of Puerto Rico, see section
15 7527B(b)(4).

16 “(3) AMERICAN SAMOA.—

17 “(A) IN GENERAL.—The Secretary shall
18 pay to American Samoa amounts estimated by
19 the Secretary as being equal to the aggregate
20 benefits that would have been provided to resi-
21 dents of American Samoa by reason of the ap-
22 plication of this section for taxable years begin-
23 ning in calendar years after 2023 if the provi-
24 sions of this section had been in effect in Amer-
25 ican Samoa (applied as if American Samoa

1 were the United States and without regard to
2 the application of this section to residents of
3 Puerto Rico under subsection (d)).

4 “(B) DISTRIBUTION REQUIREMENT.—Sub-
5 paragraph (A) shall not apply unless American
6 Samoa has a plan, which has been approved by
7 the Secretary, under which American Samoa
8 will promptly distribute such payments to its
9 residents.

10 “(C) COORDINATION WITH CREDIT AL-
11 LOWED AGAINST UNITED STATES INCOME
12 TAXES.—

13 “(i) IN GENERAL.—In the case of a
14 taxable year with respect to which a plan
15 is approved under subparagraph (B), this
16 section (other than this subsection) shall
17 not apply to any individual eligible for a
18 distribution under such plan.

19 “(ii) APPLICATION OF SECTION IN
20 EVENT OF ABSENCE OF APPROVED
21 PLAN.—In the case of a taxable year with
22 respect to which a plan is not approved
23 under subparagraph (B), subsection (d)
24 shall be applied by substituting ‘, Puerto

1 Rico, or American Samoa’ for ‘or Puerto
2 Rico’.

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

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

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

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

19 “(A) whose taxable year is other than a
20 calendar year,

21 “(B) whose filing status for a taxable year
22 is different from the status used for deter-
23 mining one or more monthly payments under
24 section 7527B during such taxable year, or

1 “(C) whose principal place of abode for
2 any month is different from the principal place
3 of abode used for determining the monthly pay-
4 ment under section 7527B for such month.

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

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

10 “(b) LIMITATION BASED ON MODIFIED ADJUSTED
11 GROSS INCOME.—

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

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

20 “(A) \$400,000, in the case of a joint re-
21 turn or surviving spouse (as defined in section
22 2(a)),

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

25 “(C) \$200,000, in any other case.

1 “(3) MODIFIED ADJUSTED GROSS INCOME.—

2 For purposes of this subsection, the term ‘modified
3 adjusted gross income’ means adjusted gross income
4 increased by any amount excluded from gross in-
5 come under section 911, 931, or 933.

6 “(c) SPECIFIED DEPENDENT.—For purposes of this
7 section, the term ‘specified dependent’ means, with respect
8 to any taxpayer for any taxable year, any dependent of
9 such taxpayer for such taxable year unless such depend-
10 ent—

11 “(1) is a specified child of the taxpayer, or any
12 other taxpayer, for any month during such taxable
13 year, or

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

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

20 “(e) 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 “(f) 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 Chapter 77 of such Code is amended by inserting after
7 section 7527A the following new section:

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

9 “(a) IN GENERAL.—The Secretary shall establish a
10 program for making payments to taxpayers with respect
11 to each calendar month equal to the monthly advance child
12 payment determined with respect to such taxpayer for
13 such month.

14 “(b) MONTHLY ADVANCE CHILD PAYMENT.—For
15 purposes of this section and except as otherwise provided
16 in this section, the term ‘monthly advance child payment’
17 means, with respect to any taxpayer for any calendar
18 month, the amount (if any) which is estimated by the Sec-
19 retary as being equal to the monthly specified child allow-
20 ance which would be determined under section 24A(b)
21 with respect to such taxpayer for such calendar month if—

22 “(1) unless determined by the Secretary based
23 on any information known to the Secretary, the only
24 specified children of such taxpayer for such calendar

1 month are the specified children of such taxpayer for
2 the reference month,

3 “(2) unless determined by the Secretary based
4 on any information known to the Secretary, the ages
5 of such children (and the status of such children as
6 specified children) are determined for such calendar
7 month by taking into account the passage of time
8 since such reference month,

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

13 “(4) unless determined by the Secretary based
14 on any information known to the Secretary, no
15 monthly specified child allowance were determined
16 with respect to such taxpayer for such calendar
17 month unless the taxpayer (in the case of a joint re-
18 turn, either spouse) has a principal place of abode
19 (determined as provided in section 32) in the United
20 States or Puerto Rico for more than one-half of the
21 reference month.

22 “(c) PRESUMPTIVE ELIGIBILITY.—

23 “(1) IN GENERAL.—An individual shall be
24 treated as a specified child of a taxpayer for pur-
25 poses of determining any monthly advance child pay-

1 ment under this section only if such month is part
2 of the period of presumptive eligibility determined by
3 the Secretary under this subsection with respect to
4 such specified child and such taxpayer (determined
5 by treating the month described in subclause (I) of
6 paragraph (2)(A)(ii) as being the first month begin-
7 ning after the determination described in such sub-
8 clause).

9 “(2) PERIOD OF PRESUMPTIVE ELIGIBILITY.—
10 For purposes of this section—

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

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

17 “(ii) ending with the earliest of—

18 “(I) the beginning of the month
19 described in clause (i) if the Secretary
20 determines that the taxpayer com-
21 mitted fraud or intentionally dis-
22 regarded rules or regulations in estab-
23 lishing or maintaining presumptive
24 eligibility,

1 “(II) in the case of any notifica-
2 tion from the Secretary that the pe-
3 riod of presumptive eligibility has
4 been terminated or suspended by rea-
5 son of any question regarding eligi-
6 bility of the taxpayer for monthly ad-
7 vance child payments with respect to
8 such child, the month specified in
9 such notice as the month on which
10 such termination or suspension be-
11 gins, and

12 “(III) the month following any
13 failure of the taxpayer to make the re-
14 quired annual renewal of presumptive
15 eligibility by such date as the Sec-
16 retary may provide.

17 “(B) ESTABLISHING PRESUMPTIVE ELIGI-
18 BILITY.—A taxpayer shall establish presumptive
19 eligibility with respect to any specified child for
20 any month at such time and in such manner as
21 the Secretary may provide. Except as otherwise
22 provided by the Secretary, in order to establish
23 a period of presumptive eligibility the taxpayer
24 must express a reasonable expectation and in-
25 tent that the taxpayer will continue to be eligi-

1 ble with respect to such specified child for at
2 least the two months following the month for
3 which presumptive eligibility is to be estab-
4 lished.

5 “(C) METHOD OF ESTABLISHING PRE-
6 SUMPTIVE ELIGIBILITY.—The Secretary shall
7 ensure information to establish presumptive eli-
8 gibility under this paragraph may be provided
9 on the return of tax for the taxable year ending
10 before the calendar year which includes the
11 month for which such eligibility is to be estab-
12 lished, through the on-line portal described in
13 subsection (e), or in such other manner as the
14 Secretary may provide.

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

20 “(E) AUTOMATIC ELIGIBILITY FOR BIRTH
21 OF CHILD.—The Secretary shall issue regula-
22 tions or other guidance to establish procedures
23 pursuant to which, to the maximum extent ad-
24 ministratively practicable—

1 “(i) a parent of a child born during a
2 calendar month shall be treated as auto-
3 matically establishing presumptive eligi-
4 bility with respect to such child,

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

7 “(iii) if the first monthly advance
8 child payment with respect to such child is
9 made after the calendar month in which
10 such child is born, such payment is in-
11 creased to properly take into account the
12 months in the period of such automatic
13 presumptive eligibility which precede the
14 month in which such payment is made.

15 “(F) PRESUMPTIVE ELIGIBILITY BASED
16 ON CERTAIN GOVERNMENT PROGRAMS.—The
17 Secretary shall issue regulations or other guid-
18 ance to establish procedures under which—

19 “(i) based on information provided to
20 the Secretary by one or more government
21 entities, a parent or specified relative of a
22 child is treated as automatically estab-
23 lishing presumptive eligibility with respect
24 to such child, and

1 “(ii) the period for which such auto-
2 matic presumptive eligibility is determined
3 (including any additional circumstances
4 under which such period will terminate).

5 “(G) COORDINATION WITH PRESUMP-
6 TION.—For purposes of determining the status
7 of any individual as a specified child for pur-
8 poses of determining presumptive eligibility
9 with respect to any period, section 24A(c) shall
10 be applied without regard to paragraph (7)
11 thereof.

12 “(3) NOTICE OF TERMINATION OF PRESUMP-
13 TIVE ELIGIBILITY BY REASON OF FAILURE TO MAKE
14 ANNUAL RENEWAL.—If a taxpayer’s period of pre-
15 sumptive eligibility with respect to any specified
16 child terminates by reason of paragraph
17 (2)(A)(ii)(III), the Secretary shall provide the tax-
18 payer a written notice of such termination.

19 “(d) DETERMINATION OF REFERENCE MONTH AND
20 REFERENCE TAXABLE YEAR.—For purposes of this sec-
21 tion—

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

1 “(A) in the case of a taxpayer who filed a
2 return of tax for the last taxable year ending
3 before such calendar month, the last month of
4 such taxable year,

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

9 “(C) in the case of a taxpayer who pro-
10 vides, through a specified alternative mecha-
11 nism, information which is sufficient to esti-
12 mate the taxpayer’s monthly advance child pay-
13 ment for such month, such month.

14 “(2) REFERENCE TAXABLE YEAR.—The term
15 ‘reference taxable year’ means, with respect to any
16 taxpayer for any calendar month, the most recent
17 of—

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

20 “(B) in the case of a taxpayer who pro-
21 vides, through a specified alternative mecha-
22 nism, information which is sufficient to esti-
23 mate the taxpayer’s modified adjusted gross in-
24 come for the taxable year which includes such
25 month, such taxable year.

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

12 “(4) TREATMENT OF INSUFFICIENT INFORMA-
13 TION.—Except as otherwise provided by the Sec-
14 retary—

15 “(A) if a taxpayer is not described in sub-
16 paragraph (A), (B), or (C) of paragraph (1)
17 with respect to any calendar month, the month-
18 ly advance child payment with respect to such
19 taxpayer for such calendar month shall be
20 treated as zero unless the Secretary determines
21 that the Secretary can make the estimate de-
22 scribed in subsection (b) on the basis of infor-
23 mation known to the Secretary which the Sec-
24 retary determines is reasonably reliable, and

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

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

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

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

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

4 “(B) provide information to the Secretary
5 which is relevant in determining the monthly
6 advance child payment and the taxpayer’s eligi-
7 bility for such payment, including information
8 regarding—

9 “(i) the number of the taxpayer’s
10 specified children, including by reason of
11 the birth of a child,

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

13 “(iii) the taxpayer’s modified adjusted
14 gross income,

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

17 “(v) any other factor which the Sec-
18 retary may provide.

19 “(2) SPECIFIED ALTERNATIVE MECHANISM.—

20 For purposes of this section, the term ‘specified al-
21 ternative mechanism’ means the on-line portal estab-
22 lished under paragraph (1), the on-line portal estab-
23 lished under section 7527A, and any other mecha-
24 nism or method established by the Secretary to allow
25 taxpayer’s to provide the information described in

1 paragraph (1) (including in connection with the fil-
2 ing of any return of tax).

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

7 “(f) SPECIFIED CHILD OF MORE THAN 1 TAX-
8 PAYER.—

9 “(1) IN GENERAL.—In the event that (without
10 regard to this paragraph) a period of presumptive
11 eligibility with respect to the same specified child
12 would exist for more than 1 taxpayer at the same
13 time—

14 “(A) except as otherwise provided in this
15 section or by the Secretary, a period of pre-
16 sumptive eligibility shall exist only respect to
17 the taxpayer with the most recent reference
18 month,

19 “(B) the Secretary shall establish proce-
20 dures under which the Secretary expeditiously
21 adjudicates taxpayers’ competing claims of pre-
22 sumptive eligibility with respect to the same
23 child, and

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

4 “(2) PROVISIONS RELATED TO ADJUDICA-
5 TION.—

6 “(A) EXPEDITED PROCESS; APPEALS.—
7 The procedures established under paragraph
8 (1)(B) shall include—

9 “(i) an expedited process for tax-
10 payers who meet such requirements as the
11 Secretary may establish for such expedited
12 process, and

13 “(ii) procedures for adjudicating an
14 appeal of an adverse decision.

15 “(B) INFORMATION RECEIPT AND COORDI-
16 NATION.—The Secretary may enter into agree-
17 ments to receive information from, and other-
18 wise coordinate with—

19 “(i) Federal agencies (including the
20 Social Security Administration and the De-
21 partment of Agriculture),

22 “(ii) any State, local government,
23 Tribal government, or possession of the
24 United States, and

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

5 “(C) ADJUDICATION NOT TREATED AS AS-
6 SESSMENT.—An adjudication under the proce-
7 dures established under paragraph (1)(B) (in-
8 cluding the adjudication of any appeal) shall
9 not be treated as an assessment described in
10 section 6201.

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

20 “(3) RETROACTIVE PAYMENTS.—If, pursuant to
21 the procedures established under paragraph (1)(B),
22 the Secretary determines that a child is a specified
23 child of a taxpayer and the Secretary did not make
24 payments to such taxpayer with respect to such child
25 for any portion of the period during which the deter-

1 mination was made, the Secretary may make a one-
2 time payment to the taxpayer with respect to which
3 such child is the specified child in an amount equal
4 to the aggregate amount by which the monthly ad-
5 vance child payments to such taxpayer would have
6 increased during such period if such determination
7 had been made immediately.

8 “(4) RECAPTURE OF PAYMENTS.—If, pursuant
9 to the procedures established under paragraph
10 (1)(B), the Secretary makes payments with respect
11 to the child during the period during which the de-
12 termination is made—

13 “(A) the Secretary shall provide each tax-
14 payer which receives such payments notice that
15 such payments may be subject to recapture,
16 and

17 “(B) upon making such determination, the
18 Secretary shall determine on the basis of the
19 facts and circumstances of each such taxpayer
20 whether any such payments should be subject
21 to recapture and shall so notify each such tax-
22 payer.

23 “(g) RULES RELATED TO GRACE PERIODS AND
24 HARDSHIPS.—

25 “(1) AUTOMATIC GRACE PERIOD.—

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

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

18 “(2) HARDSHIP.—Notwithstanding subsection
19 (f), if the Secretary determines that a failure or
20 delay in establishing a period of presumptive eligi-
21 bility with respect to any specified child was due to
22 domestic violence, serious illness, natural disaster, or
23 any other hardship, credit under section 24A or ret-
24 roactive payment under this section (similar to the
25 payment described in subsection (f)(3)) shall be al-

1 lowed or made with respect to so much of the period
2 of such failure or delay as does not exceed 6 months.

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

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

11 “(2) DELIVERY OF PAYMENTS.—Notwith-
12 standing any other provision of law, the Secretary
13 may certify and disburse refunds payable under this
14 section electronically to—

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

20 “(B) any account belonging to a payee
21 from which that individual, on or after January
22 1, 2023, made a payment of taxes under this
23 title, or

1 “(C) any Treasury-sponsored account (as
2 defined in section 208.2 of title 31, Code of
3 Federal Regulations).

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

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

21 “(A) subject to reduction or offset pursu-
22 ant to section 3716 or 3720A of title 31,
23 United States Code,

1 “(B) subject to reduction or offset pursu-
2 ant to subsection (c), (d), (e), or (f) of section
3 6402, or

4 “(C) reduced or offset by other assessed
5 Federal taxes that would otherwise be subject
6 to levy or collection.

7 “(5) ASSIGNMENT OF BENEFITS.—

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

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

21 “(i) issue the payment using a unique
22 identifier that is reasonably sufficient to
23 allow a financial institution to identify the
24 payment as an applicable payment, and

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

6 “(C) GARNISHMENT.—

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

15 “(I) notwithstanding section
16 212.4 of title 31, Code of Federal
17 Regulations (and except as provided
18 in subclause (II)), a financial institu-
19 tion shall not fail to follow the proce-
20 dures of sections 212.5 and 212.6 of
21 such title with respect to a garnish-
22 ment order merely because such order
23 has attached, or includes, a notice of
24 right to garnish federal benefits issued

1 by a State child support enforcement
2 agency, and

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

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

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

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

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

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

23 “(i) ACCOUNT HOLDER.—The term
24 ‘account holder’ means a natural person
25 whose name appears in a financial institu-

1 tion’s records as the direct or beneficial
2 owner of an account.

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

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

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

21 “(II) any advance payment made
22 by a possession of the United States
23 with a mirror code tax system (as de-
24 fined in section 24(h)) pursuant to an
25 election under paragraph (6)(B)

1 which corresponds to a payment de-
2 scribed in subclause (I), and

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

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

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

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

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

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

7 “(A) PUERTO RICO.—

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

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

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

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

24 “(i) MIRROR CODE POSSESSIONS.—In
25 the case of any possession described in

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

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

24 “(iii) TIMING OF PAYMENT.—The
25 Secretary may pay, upon the request of the

1 possession of the United States to which
2 the payment is to be made, the amount of
3 the increase determined under clause (i) or
4 (ii), respectively, immediately upon ap-
5 proval of the plan with respect to which
6 such payment relates.

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

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

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

20 “(3) IDENTIFICATION REQUIREMENTS.—Rules
21 similar to the rules which apply under section
22 24A(e) shall apply for purposes of this section ex-
23 cept that such rules shall apply with respect to the
24 return of tax for the reference taxable year or, in the
25 case of information provided through a specified al-

1 ternative mechanism, with respect to the information
2 provided through such mechanism.

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

8 “(j) NOTICE OF PAYMENTS.—

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

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

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

20 “(C) such other information as the Sec-
21 retary determines appropriate.

22 “(2) CERTAIN PAYMENTS SUBJECT TO RECAP-
23 TURE.—In the case of any payments made to a tax-
24 payer which the Secretary has determined are sub-
25 ject to recapture, the notice provided under para-

1 graph (1) to such taxpayer shall include the amount
2 of such payments.

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

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

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

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

23 “(l) REGULATIONS.—The Secretary shall issue such
24 regulations or other guidance as the Secretary determines

1 necessary or appropriate to carry out the purposes of this
2 section.”.

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

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

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

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

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

1 close to such individual any information which
2 is relevant in determining the payment under
3 section 7527A, or the monthly advance child
4 payment under section 7527B, and the individ-
5 ual's eligibility for such payment, including in-
6 formation regarding any of the following:

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

9 “(ii) The name and TIN of specified
10 children.

11 “(iii) Marital status.

12 “(iv) Modified adjusted gross income.

13 “(v) Principal place of abode.

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

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

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

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

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

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

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

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

23 (e) CONFORMING AMENDMENTS.—

24 (1) Section 26(b)(2) is amended by striking
25 “and” at the end of subparagraph (Y), by striking

1 the period at the end of subparagraph (Z) and in-
2 sserting “, and”, and by adding at the end the fol-
3 lowing new subparagraph:

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

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

9 “(ii) the credits under sections 24,
10 24A, and 24B and the payments under
11 sections 7527A and 7527B,”.

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

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

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

23 (6) Section 6213(g)(2)(I) is amended by insert-
24 ing “or section 24A(e) (relating to monthly child tax

1 credit)” after “section 24(e) (relating to child tax
2 credit)”.

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

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

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

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

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

13 (9) Section 6695(g)(2) is amended by inserting
14 “24A,” after “24,”.

15 (10) Paragraph (2) of section 1324(b) of title
16 31, United States Code, as amended by the pre-
17 ceding provisions of this Act, is amended—

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

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

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

“Sec. 24A. Monthly child tax credit.

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

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

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

4 (f) EFFECTIVE DATES.—

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

9 (2) MONTHLY ADVANCE CHILD PAYMENTS.—

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

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

