

119TH CONGRESS
2D SESSION

S. 4042

To amend the Internal Revenue Code of 1986 to increase the standard deduction, and for other purposes.

IN THE SENATE OF THE UNITED STATES

MARCH 10, 2026

Mr. BOOKER 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 increase the standard deduction, 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; ETC.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Keep Your Pay Act”.

6 (b) AMENDMENT OF 1986 CODE.—Except as other-
7 wise expressly provided, whenever in this Act an amend-
8 ment is expressed in terms of an amendment to a section
9 or other provision, the reference shall be considered to be

1 made to a section or other provision of the Internal Rev-
 2 enue Code of 1986.

3 (c) TABLE OF CONTENTS.—The table of contents of
 4 this Act is as follows:

Sec. 1. Short title; etc.

TITLE I—INCREASE IN STANDARD DEDUCTION AND TOP TAX RATES

Sec. 101. Increased standard deduction.

Sec. 102. Increase in income tax rates for highest earners.

TITLE II—TAX CUTS FOR WORKERS AND FAMILIES

Sec. 201. Permanent extension of earned income credit rules for individuals
without qualifying children.

Sec. 202. Application of earned income credit to possessions of the United
States.

Sec. 203. Election to use prior year earned income.

Sec. 204. Establishment of refundable child tax credit with monthly advance
payment.

5 **TITLE I—INCREASE IN STAND-** 6 **ARD DEDUCTION AND TOP** 7 **TAX RATES**

8 **SEC. 101. INCREASED STANDARD DEDUCTION.**

9 (a) IN GENERAL.—Section 63(c) is amended—

10 (1) in paragraph (7), in the matter preceding
 11 subparagraph (A), by striking “In the case” and in-
 12 serting “Subject to paragraph (8), in the case”, and

13 (2) by adding at the end the following new
 14 paragraph:

15 “(8) TEMPORARY INCREASE IN STANDARD DE-
 16 Duction.—In the case of a taxable year beginning
 17 after December 31, 2025, and before January 1,
 18 2036, paragraph (7) shall be applied—

1 “(A) by substituting ‘\$56,250’ for
2 ‘\$23,625’ each place it appears,

3 “(B) by substituting ‘\$37,500’ for
4 ‘\$15,750’ each place it appears, and

5 “(C) in subparagraph (B)—

6 “(i) by substituting ‘2026’ for ‘2025’,
7 and

8 “(ii) by substituting ‘2025’ for
9 ‘2024’.”.

10 (b) **EFFECTIVE DATE.**—The amendments made by
11 this section shall apply to taxable years beginning after
12 December 31, 2025.

13 **SEC. 102. INCREASE IN INCOME TAX RATES FOR HIGHEST**
14 **EARNERS.**

15 (a) **IN GENERAL.**—Section 1(j) is amended—

16 (1) in paragraph (1), by striking “paragraphs
17 (2) through (6)” and inserting “paragraphs (2)
18 through (7)”, and

19 (2) by adding at the end the following new
20 paragraph:

21 “(7) **TEMPORARY INCREASE IN RATES FOR**
22 **HIGHEST EARNERS.**—In the case of a taxable year
23 beginning after December 31, 2025, and before Jan-
24 uary 1, 2036, paragraph (2) shall be applied—

1 “(A) by substituting ‘41%’ for ‘35%’ each
 2 place it appears, and

3 “(B) by substituting ‘43%’ for ‘37%’ each
 4 place it appears.”.

5 (b) EFFECTIVE DATE.—The amendments made by
 6 this section shall apply to taxable years beginning after
 7 December 31, 2025.

8 **TITLE II—TAX CUTS FOR** 9 **WORKERS AND FAMILIES**

10 **SEC. 201. PERMANENT EXTENSION OF EARNED INCOME** 11 **CREDIT RULES FOR INDIVIDUALS WITHOUT** 12 **QUALIFYING CHILDREN.**

13 (a) DECREASE IN MINIMUM AGE FOR CREDIT.—

14 (1) IN GENERAL.—Subclause (II) of section
 15 32(c)(1)(A)(ii) is amended by striking “age 25” and
 16 inserting “the applicable minimum age”.

17 (2) APPLICABLE MINIMUM AGE.—Paragraph
 18 (1) of section 32(c) is amended by adding at the end
 19 the following new subparagraph:

20 “(F) APPLICABLE MINIMUM AGE.—For
 21 purposes of this paragraph—

22 “(i) IN GENERAL.—The term ‘applica-
 23 ble minimum age’ means—

24 “(I) except as otherwise provided
 25 in this clause, age 19,

1 “(II) in the case of a student (as
2 defined in section 152(f)(2)), other
3 than a qualified former foster youth
4 or a qualified homeless youth, age 24,
5 and

6 “(III) in the case of a qualified
7 former foster youth or a qualified
8 homeless youth, age 18.

9 “(ii) QUALIFIED FORMER FOSTER
10 YOUTH.—For purposes of this subpara-
11 graph, the term ‘qualified former foster
12 youth’ means an individual who—

13 “(I) on or after the date that
14 such individual attained age 14, was
15 in foster care provided under the su-
16 pervision or administration of an enti-
17 ty administering (or eligible to admin-
18 ister) a plan under part B or part E
19 of title IV of the Social Security Act
20 (without regard to whether Federal
21 assistance was provided with respect
22 to such child under such part E), and

23 “(II) provides (in such manner
24 as the Secretary may provide) consent
25 for entities which administer a plan

1 under part B or part E of title IV of
 2 the Social Security Act to disclose to
 3 the Secretary information related to
 4 the status of such individual as a
 5 qualified former foster youth.

6 “(iii) QUALIFIED HOMELESS
 7 YOUTH.—For purposes of this subpara-
 8 graph, the term ‘qualified homeless youth’
 9 means, with respect to any taxable year,
 10 an individual who certifies, in a manner as
 11 provided by the Secretary, that such indi-
 12 vidual is either an unaccompanied youth
 13 who is a homeless child or youth, or is un-
 14 accompanied, at risk of homelessness, and
 15 self-supporting.”.

16 (b) ELIMINATION OF MAXIMUM AGE FOR CREDIT.—
 17 Subclause (II) of section 32(c)(1)(A)(ii) is amended by
 18 striking “but not attained age 65”.

19 (c) INCREASE IN CREDIT AND PHASEOUT PERCENT-
 20 AGES.—The table contained in paragraph (1) of section
 21 32(b) is amended by striking “7.65” each place it appears
 22 and inserting “15.3”.

23 (d) INCREASE IN EARNED INCOME AND PHASEOUT
 24 AMOUNTS.—The table contained in subparagraph (A) of
 25 section 32(b)(2) is amended—

1 (1) by striking “\$4,220” and inserting
2 “\$9,820”, and

3 (2) by striking “\$5,280” and inserting
4 “\$11,610”.

5 (e) INFLATION ADJUSTMENTS.—

6 (1) IN GENERAL.—Paragraph (1) of section
7 32(j) is amended to read as follows:

8 “(1) IN GENERAL.—In the case of any taxable
9 year beginning after—

10 “(A) 2021, in the case of the dollar
11 amount in subsection (i)(1),

12 “(B) 2026, in the case of the dollar
13 amounts in the third row of the table in sub-
14 section (b)(2)(A), and

15 “(C) 2015, in any other case,
16 each of the dollar amounts in subsections (b)(2) and
17 (i)(1) shall be increased by an amount equal to the
18 inflation amount.”.

19 (2) INFLATION AMOUNT.—Subsection (j) of sec-
20 tion 32 is amended by adding at the end the fol-
21 lowing new paragraph:

22 “(3) INFLATION AMOUNT.—For purposes of
23 paragraph (1), the inflation amount with respect to
24 any dollar amount for any taxable year is the
25 amount equal to—

1 “(A) such dollar amount, multiplied by

2 “(B) the percentage (if any) by which—

3 “(i) the CPI (as defined in section
4 1(f)(4)) for the calendar year preceding
5 the year in which the taxable year begins,
6 exceeds

7 “(ii) the CPI (as so defined) for—

8 “(I) in the case of amounts in
9 the third row of the table in sub-
10 section (b)(2)(A), 2025,

11 “(II) in the case of any other
12 amount in subsection (b)(2)(A), 1995,

13 “(III) in the case of the \$5,000
14 amount in subsection (b)(2)(B), 2008,
15 and

16 “(IV) in the case of the \$10,000
17 amount in subsection (i)(1), 2020.”.

18 (f) CONFORMING AMENDMENT.—Section 32 is
19 amended by striking subsection (n).

20 (g) EFFECTIVE DATE.—The amendments made by
21 this section shall apply to taxable years beginning after
22 December 31, 2025.

1 **SEC. 202. APPLICATION OF EARNED INCOME CREDIT TO**
 2 **POSSESSIONS OF THE UNITED STATES.**

3 (a) PUERTO RICO.—Subparagraph (B) of section
 4 7530(a)(1) is amended by striking “in the case of calendar
 5 years 2021 through 2025,”.

6 (b) POSSESSIONS WITH MIRROR CODE TAX SYS-
 7 TEMS.—Subparagraph (B) of section 7530(b)(1) is
 8 amended by striking “in the case of calendar years 2021
 9 through 2025,”.

10 (c) AMERICAN SAMOA.—Subparagraph (B) of section
 11 7530(c)(1) is amended by striking “in the case of calendar
 12 years 2021 through 2025,”.

13 **SEC. 203. ELECTION TO USE PRIOR YEAR EARNED INCOME.**

14 (a) IN GENERAL.—Paragraph (2) of section 32(c) is
 15 amended by adding at the end the following new subpara-
 16 graph:

17 “(C) ELECTION TO USE PRIOR YEAR
 18 EARNED INCOME.—

19 “(i) IN GENERAL.—If the earned in-
 20 come of the taxpayer for any taxable year
 21 is less than the earned income of the tax-
 22 payer for the preceding taxable year, the
 23 credit allowed under subsection (a) may, at
 24 the election of the taxpayer, be determined
 25 by substituting—

1 “(I) such earned income for such
2 preceding taxable year, for

3 “(II) such earned income for the
4 taxable year for which such credit is
5 being determined.

6 “(ii) APPLICATION TO JOINT RE-
7 TURNS.—For purposes of clause (i), in the
8 case of a joint return, the earned income
9 of the taxpayer for the preceding taxable
10 year shall be the sum of the earned income
11 of each spouse for such taxable year.

12 “(iii) SPECIAL RULES.—

13 “(I) ERRORS TREATED AS MATH-
14 EMATICAL ERRORS.—For purposes of
15 section 6213, an incorrect use on a re-
16 turn of earned income pursuant to
17 clause (i) shall be treated as a mathe-
18 matical or clerical error.

19 “(II) NO EFFECT ON DETER-
20 MINATION OF GROSS INCOME, ETC.—
21 Except as otherwise provided in this
22 subparagraph, this title shall be ap-
23 plied without regard to any substi-
24 tution under clause (i).”.

1 (b) EFFECTIVE DATE.—The amendment made by
 2 subsection (a) shall apply to taxable years beginning after
 3 December 31, 2025.

4 **SEC. 204. ESTABLISHMENT OF REFUNDABLE CHILD TAX**
 5 **CREDIT WITH MONTHLY ADVANCE PAYMENT.**

6 (a) IN GENERAL.—Subpart A of part IV of sub-
 7 chapter A of chapter 1 is amended by inserting after sec-
 8 tion 24 the following new sections:

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

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

16 “(b) MONTHLY SPECIFIED CHILD ALLOWANCE.—

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

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

24 “(B) 120 percent of the dollar amount in
 25 effect for such month under subparagraph (A),

1 with respect to each specified child of such tax-
 2 payer who will not (as of the close of such
 3 month) have attained age 6.

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

9 “(2) LIMITATIONS BASED ON MODIFIED AD-
 10 JUSTED GROSS INCOME.—

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

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

23 “(i) the excess (if any) of—

24 “(I) the monthly specified child
 25 allowance with respect to the taxpayer

1 for such calendar month (determined
2 without regard to this paragraph),
3 over

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

9 “(ii) $\frac{1}{12}$ of 5 percent of the excess of
10 the secondary threshold amount over the
11 initial threshold amount.

12 “(C) SECONDARY REDUCTION.—The
13 monthly specified child allowance otherwise de-
14 termined under paragraph (1) with respect to
15 any taxpayer for such calendar month (deter-
16 mined after the application of subparagraphs
17 (A) and (B)) shall be reduced (but not below
18 zero) by $\frac{1}{12}$ of 5 percent of the excess (if any)
19 of the taxpayer’s modified adjusted gross in-
20 come for the applicable taxable year over the
21 secondary threshold amount.

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

1 “(i) INITIAL THRESHOLD AMOUNT.—

2 The term ‘initial threshold amount’
3 means—

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

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

11 “(III) \$112,500, in any other
12 case.

13 “(ii) SECONDARY THRESHOLD
14 AMOUNT.—The term ‘secondary threshold
15 amount’ means—

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

19 “(II) \$200,000, in the case of a
20 married individual filing a separate
21 return, and

22 “(III) \$300,000, in any other
23 case.

24 “(iii) APPLICABLE TAXABLE YEAR.—

25 The term ‘applicable taxable year’ means,

1 with respect to any taxable year for which
2 the credit under this section is deter-
3 mined—

4 “(I) such taxable year, or

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

12 “(iv) MODIFIED ADJUSTED GROSS IN-
13 COME.—The term ‘modified adjusted gross
14 income’ means adjusted gross income in-
15 creased by any amount excluded from
16 gross income under section 911, 931, or
17 933.

18 “(3) INFLATION ADJUSTMENTS.—

19 “(A) MONTHLY SPECIFIED CHILD ALLOW-
20 ANCE.—In the case of any month beginning
21 after December 31, 2026, the \$300 amount in
22 paragraph (1)(A) shall be increased by an
23 amount equal to—

24 “(i) such dollar amount, multiplied
25 by—

1 “(ii) the percentage (if any) by
2 which—

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

7 “(II) the CPI (as so defined) for
8 calendar year 2025.

9 “(B) INITIAL THRESHOLD AMOUNT.—In
10 the case of any taxable year beginning after De-
11 cember 31, 2025, the dollar amounts in sub-
12 clauses (I) and (III) of paragraph (2)(D)(i)
13 shall each be increased by an amount equal
14 to—

15 “(i) such dollar amount, multiplied by

16 “(ii) the percentage (if any) which
17 would be determined under subparagraph
18 (A)(ii) if subclause (II) thereof were ap-
19 plied by substituting ‘2023’ for ‘2025’.

20 “(C) ROUNDING.—

21 “(i) MONTHLY SPECIFIED CHILD AL-
22 LOWANCE.—Any increase under subpara-
23 graph (A) which is not a multiple of \$10
24 shall be rounded to the nearest multiple of
25 \$10.

1 “(ii) INITIAL THRESHOLD AMOUNT.—

2 Any increase under subparagraph (B)

3 which is not a multiple of \$5,000 shall be

4 rounded to the nearest multiple of \$5,000.

5 “(c) SPECIFIED CHILD.—For purposes of this sec-

6 tion—

7 “(1) IN GENERAL.—The term ‘specified child’

8 means, with respect to any taxpayer for any cal-

9 endar month, an individual—

10 “(A) who has the same principal place of

11 abode as the taxpayer for more than one-half of

12 such month,

13 “(B) who is younger than the taxpayer and

14 will not, as of the close of such month, have at-

15 tained age 18,

16 “(C) who receives care from the taxpayer

17 during such month that is not compensated,

18 “(D) who is not the spouse of the taxpayer

19 at any time during such month, and

20 “(E) who either—

21 “(i) is a citizen, national, or resident

22 of the United States, or

23 “(ii) if the taxpayer is a citizen or na-

24 tional of the United States, such individual

25 is a legally adopted individual of such tax-

1 payer or is lawfully placed with such tax-
2 payer for legal adoption by such taxpayer.

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

8 “(3) CARE FROM THE TAXPAYER.—

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

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

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

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

1 “(iv) The involvement by the taxpayer
 2 in, and financial and other support by the
 3 taxpayer for, educational or similar activi-
 4 ties of the individual.

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

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

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

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

24 “(i) the parent of the individual (or, if
 25 such individual would (but for this para-

graph) be a specified child of 2 or more
parents of the individual for such month,
the parent of the individual determined
under subparagraph (B)),

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

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

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

1 “(i) the parent with whom the child
 2 resided for the longest period of time dur-
 3 ing such month, or

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

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

12 “(i) an ancestor of a parent of the
 13 specified child,

14 “(ii) a brother or sister of a parent of
 15 the specified child, or

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

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

23 “(i) such parent or specified relative
 24 elects to have such individual not be treat-

1 ed as a specified child of such parent or
2 specified relative for such month,

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

18 “(iii) in the case of a specified relative
19 of such individual, the adjusted gross in-
20 come of the taxpayer (with respect to
21 whom such individual would be treated as
22 a specified child after application of this
23 subparagraph) for the taxable year which
24 includes such month is higher than the
25 highest adjusted gross income of any par-

ent and any specified relative of the individual for any taxable year which includes such month (determined without regard to any parent and any specified relative with respect to whom such individual is not a specified child, determined without regard to subparagraphs (A) and (B) and after application of this subparagraph).

“(E) TREATMENT OF JOINT RETURNS.—

For purposes of this paragraph, with respect to any month, the adjusted gross income of each person who files a joint return for the taxable year which includes such month is the total adjusted gross income shown on the joint return for the taxable year.

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

“(5) TREATMENT OF TEMPORARY ABSENCES.—

Except as provided in regulations or other guidance issued by the Secretary, for purposes of this subsection—

“(A) IN GENERAL.—In the case of any individual’s temporary absence from such individ-

1 ual’s principal place of abode, each day com-
2 posing the temporary absence shall—

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

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

8 “(iii) not be treated as a day at any
9 other location.

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

13 “(i) the individual would have resided
14 at the place of abode but for the absence,
15 and

16 “(ii) under the facts and cir-
17 cumstances, it is reasonable to assume that
18 the individual will return to reside at the
19 place of abode.

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

23 “(7) ELIGIBILITY DETERMINED ON BASIS OF
24 PRESUMPTIVE ELIGIBILITY.—

1 “(A) IN GENERAL.—If a period of pre-
2 sumptive eligibility is established under section
3 7527A(c) with respect to any taxpayer and
4 child—

5 “(i) such child shall be treated as the
6 specified child of such taxpayer for any
7 month in such period of presumptive eligi-
8 bility, and

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

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

1 “(C) EXCEPTION FOR INCOME-BASED TIE-
2 BREAKER RULES.—If a period of presumptive
3 eligibility is established under section 7527A(c)
4 for any individual with respect to any taxpayer
5 and such individual is not the specified child of
6 such taxpayer for any month in such period by
7 reason of such taxpayer failing to be described
8 in clause (i), (ii), or (iii) of paragraph (4)(A)
9 for the taxable year which includes such month,
10 subparagraph (A) shall not apply with respect
11 to such month.

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

22 “(E) FRAUD AND INTENTIONAL DIS-
23 REGARD OF RULES OR REGULATIONS.—If the
24 Secretary determines that the taxpayer com-
25 mitted fraud or intentionally disregarded rules

1 or regulations in establishing or maintaining
2 any period of presumptive eligibility, the
3 months with respect to which such fraud or in-
4 tentional disregard relates shall not be treated
5 as a period of presumptive eligibility for pur-
6 poses of subparagraph (A).

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

16 “(e) IDENTIFICATION REQUIREMENTS.—

17 “(1) QUALIFYING CHILD IDENTIFICATION RE-
18 QUIREMENT.—No credit shall be allowed under this
19 section to a taxpayer with respect to any qualifying
20 child unless the taxpayer includes the name and tax-
21 payer identification number of such qualifying child
22 on the return of tax for the taxable year and such
23 taxpayer identification number was issued on or be-
24 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 7527A 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 120 calendar
 20 months after the most recent calendar
 21 month for which there was a final deter-
 22 mination that the taxpayer’s claim of cred-
 23 it under this section or section 24 (or pay-
 24 ment received under section 7527A) was
 25 due to fraud, and

1 “(ii) the period of 24 calendar months
2 after the most recent calendar month 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) was due to reckless
7 or intentional disregard of rules and regu-
8 lations (but not due to fraud).

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

20 “(3) COORDINATION WITH POSSESSIONS OF
21 THE UNITED STATES.—For purposes of this sub-
22 section, a taxpayer’s claim of credit under this sec-
23 tion or section 24 (or payment received under sec-
24 tion 7527A) includes a claim of credit under this
25 section or section 24 of the income tax law of any

1 jurisdiction other than the United States (or similar
 2 payment received under section 7527A of such in-
 3 come tax law), and a claim made or a payment re-
 4 ceived from American Samoa pursuant to a plan de-
 5 scribed in subsection (h)(3)(B) or section
 6 24(k)(3)(B).

7 “(g) RECONCILIATION OF CREDIT AND MONTHLY
 8 ADVANCE CHILD PAYMENTS.—

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

18 “(2) INCREASE IN TAX EQUAL TO EXCESS AD-
 19 VANCE PAYMENTS IN CERTAIN CIRCUMSTANCES.—If
 20 the aggregate amount of payments made to the tax-
 21 payer under section 7527A for one or more calendar
 22 months in such taxable year exceeds the amount al-
 23 lowed as a credit under subpart C by reason of this
 24 section with respect to such taxpayer for such tax-
 25 able year (without regard to paragraph (1) of this

1 subsection), the tax imposed by this chapter for such
2 taxable year shall be increased by so much of such
3 excess as is attributable to one or more of the fol-
4 lowing:

5 “(A) Fraud, or reckless or intentional dis-
6 regard of rules and regulations, by the tax-
7 payer.

8 “(B) Changes in the taxpayer’s modified
9 adjusted gross income or filing status that af-
10 fect the application of the limitation imposed by
11 subsection (b)(2).

12 “(C) Payments under section 7527A which
13 were made for months which were not part of
14 a period of presumptive eligibility.

15 “(D) A failure to be the taxpayer described
16 in clause (i), (ii), or (iii) of subsection
17 (c)(4)(A).

18 “(E) A failure to satisfy the requirements
19 of subsection (d).

20 “(F) A failure to satisfy the requirements
21 of paragraphs (1) or (2) of subsection (e), ex-
22 cept that a failure to satisfy the requirements
23 of subsection (e)(1) shall not be taken into ac-
24 count under this subparagraph if the taxpayer
25 demonstrates to the satisfaction of the Sec-

1 retary that it is reasonable to expect that the
2 qualifying child will be issued a taxpayer identi-
3 fication number and that the delay in such
4 issuance was due to reasonable cause and not
5 willful neglect.

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

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

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

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

1 United States under section 7527A of the income
 2 tax law of such jurisdiction, and advance payments
 3 made by American Samoa pursuant to a plan de-
 4 scribed in subsection (h)(3)(B). Any increase in tax
 5 imposed on a taxpayer by reason of paragraph (2)
 6 of the income tax law of a jurisdiction other than
 7 the United States shall be considered to reduce the
 8 aggregate amount of payments made to such tax-
 9 payer by such jurisdiction. In carrying out this sec-
 10 tion, the Secretary shall coordinate with each posses-
 11 sion of the United States to prevent any application
 12 of this paragraph that is inconsistent with the pur-
 13 poses of this subsection.

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

15 “(1) MIRROR CODE POSSESSIONS.—

16 “(A) IN GENERAL.—The Secretary shall
 17 pay to each possession of the United States
 18 with a mirror code tax system amounts equal to
 19 the loss (if any) to that possession by reason of
 20 the application of this section (determined with-
 21 out regard to this subsection) with respect to
 22 taxable years beginning in calendar years after
 23 2025. Such amounts shall be determined by the
 24 Secretary based on information provided by the
 25 government of the respective possession.

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

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

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

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

1 “(B) For application of advance payment
2 to residents of Puerto Rico, see section
3 7527A(b)(5).

4 “(3) AMERICAN SAMOA.—

5 “(A) IN GENERAL.—The Secretary shall
6 pay to American Samoa amounts estimated by
7 the Secretary as being equal to the aggregate
8 benefits that would have been provided to resi-
9 dents of American Samoa by reason of the ap-
10 plication of this section for taxable years begin-
11 ning in calendar years after 2025 if the provi-
12 sions of this section had been in effect in Amer-
13 ican Samoa (applied as if American Samoa
14 were the United States and without regard to
15 the application of this section to residents of
16 Puerto Rico under subsection (d)).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

12 “(C) \$300,000, in any other case.

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

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

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

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

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

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

10 “(2) with respect to such dependent, subsection
 11 (a) shall be applied by substituting an amount for
 12 ‘\$500’ that bears the same ratio to \$500 as—

13 “(A) the excess of—

14 “(i) 12, over

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

19 “(B) 12.

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

23 “(f) TAXABLE YEAR MUST BE FULL TAXABLE
 24 YEAR.—Except in the case of a taxable year closed by rea-
 25 son of the death of the taxpayer, no credit shall be allow-

1 able under this section in the case of a taxable year cov-
 2 ering a period of less than 12 months.

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

7 (b) MONTHLY PAYMENT OF CHILD TAX CREDIT.—
 8 Section 7527A is amended to read as follows:

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

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

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

23 “(1) the only specified children of such taxpayer
 24 for such calendar month are the specified children of

1 such taxpayer for the reference month (determined
2 without regard to section 24A(c)(7)),

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

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

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

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

23 “(c) PERIOD OF PRESUMPTIVE ELIGIBILITY.—

24 “(1) IN GENERAL.—For purposes of this sec-
25 tion, the term ‘period of presumptive eligibility’

1 means, with respect to any taxpayer and any child,
2 the period—

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

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

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

14 “(B) ending with the earliest of—

15 “(i) the month beginning immediately
16 after the month on which the Secretary
17 sends the taxpayer a written notice that
18 the taxpayer’s period of presumptive eligi-
19 bility with respect to such child is being
20 terminated by reason of information known
21 to the Secretary (including a failure to pro-
22 vide annual information under paragraph
23 (2)) which casts doubt on such taxpayer’s
24 status as being allowed the monthly speci-
25 fied child allowance under section 24A for

1 such child (determined without regard to
2 section 24A(c)(7)) with respect to one or
3 more months following the reference
4 month,

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

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

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

1 eligibility with respect to such child (as described in
2 paragraph (1)(B)(ii)) on an annual basis.

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

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

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

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

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

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

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

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

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

24 “(6) TRANSITION RULE.—With respect periods
25 of presumptive eligibility beginning during the first

1 6 months to which this section applies, the Secretary
 2 shall issue regulations or other guidance to establish
 3 procedures pursuant to which—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

“(A) such challenge claim shall not be taken into account under this section unless the reference month with respect to which the challenge claim would be established is at least as recent as the reference month with respect to which the original claim is established,

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

“(C) the Secretary shall establish procedures under which the Secretary expeditiously adjudicates such claims on the basis of the most recent feasible reference month.

“(2) PROVISIONS RELATED TO ADJUDICATION.—

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

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

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

“(i) an expedited process for taxpayers who meet such requirements as the Secretary may establish for such expedited process, and

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

“(C) INFORMATION RECEIPT AND COORDINATION.—For purposes of obtaining information relevant to any adjudication under this paragraph, the Secretary may enter into agreements to receive information from, and otherwise coordinate with—

“(i) Federal agencies (including the Social Security Administration and the Department of Agriculture),

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

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

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

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

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

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

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

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

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

21 “(1) AUTOMATIC GRACE PERIOD.—

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

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

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

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

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

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

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

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

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

11 “(A) any account to which the payee au-
 12 thorized, on or after January 1, 2025, the deliv-
 13 ery of a refund of taxes under this title or of
 14 a Federal payment (as defined in section 3332
 15 of title 31, United States Code),

16 “(B) any account belonging to a payee
 17 from which that individual, on or after January
 18 1, 2025, made a payment of taxes under this
 19 title, or

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

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

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

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

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

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

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

24 “(5) ASSIGNMENT OF BENEFITS.—

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

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

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

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

23 “(C) GARNISHMENT.—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

25 “(A) PUERTO RICO.—

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

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

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

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

17 “(i) MIRROR CODE POSSESSIONS.—In
18 the case of any possession described in
19 subparagraph (B) which makes the elec-
20 tion described in such subparagraph, the
21 amount otherwise paid by the Secretary to
22 such possession under section
23 24A(h)(1)(A) with respect to taxable years
24 beginning in 2026, 2027, and 2028 shall
25 each be increased by \$300,000 if such pos-

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

5 “(ii) AMERICAN SAMOA.—The amount
6 otherwise paid by the Secretary to Amer-
7 ican Samoa under subparagraph (A) of
8 section 24A(h)(3) with respect to taxable
9 years beginning in 2025, 2026, and 2027
10 shall each be increased by \$300,000 if the
11 plan described in subparagraph (B) of
12 such section includes a program, which has
13 been approved by the Secretary, for mak-
14 ing monthly advance child payments under
15 rules similar to the rules of this section.

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

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

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

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

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

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

25 “(j) NOTICE OF PAYMENTS.—

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

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

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

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

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

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

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

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

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

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

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

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

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

1 “(l) TERMINATION.—This section shall not apply to
 2 (and no payment shall be made under subsection (k) with
 3 respect to) any taxable year beginning after December 31,
 4 2025.”.

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

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

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

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

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

3 “(iii) Marital status.

4 “(iv) Modified adjusted gross income.

5 “(v) Principal place of abode.

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

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

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

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

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

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

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

12 (e) CONFORMING AMENDMENTS.—

13 (1) Section 26(b)(2) is amended by striking
 14 “and” at the end of subparagraph (Y), by striking
 15 the period at the end of subparagraph (Z) and in-
 16 serting “, and”, and by adding at the end the fol-
 17 lowing new subparagraph:

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

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

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

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

5 (4) Section 6103(l)(13)(A)(v) is amended by in-
 6 serting “or section 24A, as the case may be” after
 7 “section 24”.

8 (5) Section 6211(b)(4)(A) is amended by insert-
 9 ing “24A by reason of subsection (d) thereof,” after
 10 “24 by reason of subsections (d) and (i)(1) there-
 11 of,”.

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

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

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

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

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

23 (C) by striking “subsection (g)(1) thereof”
 24 and inserting “section 24(g)(1) or section
 25 24A(f)(1), respectively”.

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

3 (10) Paragraph (2) of section 1324(b) of title
4 31, United States Code, is amended by inserting
5 “24A,” after “24,”.

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

“Sec. 24A. Monthly child tax credit.

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

10 (12) The table of sections for chapter 77 is
11 amended by striking the item relating to section
12 7527A and inserting the following new item:

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

13 (f) EFFECTIVE DATES.—

14 (1) IN GENERAL.—Except as otherwise pro-
15 vided in this subsection, the amendments made by
16 this section shall apply to taxable years beginning
17 after December 31, 2025.

18 (2) MONTHLY ADVANCE CHILD PAYMENTS.—
19 The amendments made by subsection (b) shall apply
20 to—

21 (A) calendar months beginning after the
22 date of the enactment of this Act, and

1 (B) in the case of section 7527A(g) of the
2 Internal Revenue Code of 1986 (relating to
3 grace periods and hardships), calendar months
4 beginning after December 31, 2025.

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

○