Committee Print

Budget Reconciliation Legislative Recommendations Relating to Promoting Economic Security

Subtitle G—Promoting Economic Security

Part 1—2021 Recovery Rebates to Individuals

Sec. 9601. 2021 Recovery Rebates to Individuals.

(a) In General.—Subchapter B of chapter 65 of the Internal Revenue Code of 1986 is amended by inserting after section 6428A the following new section:

“Sec. 6428B. 2021 Recovery Rebates to Individuals.

“(a) In General.—In the case of an eligible individual, there shall be allowed as a credit against the tax imposed by subtitle A for the first taxable year beginning in 2021 an amount equal to the 2021 rebate amount determined for such taxable year.

“(b) 2021 Rebate Amount.—For purposes of this section, the term ‘2021 rebate amount’ means, with respect to any taxpayer for any taxable year, the sum of—

“(1) $1,400 ($2,800 in the case of a joint return), plus

“(2) $1,400 multiplied by the number of dependents of the taxpayer for such taxable year.
“(c) ELIGIBLE INDIVIDUAL.—For purposes of this section, the term ‘eligible individual’ means any individual other than—

“(1) any nonresident alien individual,

“(2) any individual who is a dependent of another taxpayer for a taxable year beginning in the calendar year in which the individual’s taxable year begins, and

“(3) an estate or trust.

“(d) LIMITATION BASED ON ADJUSTED GROSS INCOME.—

“(1) IN GENERAL.—The amount of the credit allowed by subsection (a) (determined without regard to this subsection and subsection (f)) shall be reduced (but not below zero) by the amount which bears the same ratio to such credit (as so determined) as—

“(A) the excess of—

“(i) the taxpayer’s adjusted gross income for such taxable year, over

“(ii) $75,000, bears to

“(B) $25,000.

“(2) SPECIAL RULES.—

“(A) JOINT RETURN OR SURVIVING SPOUSE.—In the case of a joint return or a sur-
viving spouse (as defined in section 2(a)), para-
paragraph (1) shall be applied by substituting
‘$150,000’ for ‘$75,000’ and ‘$50,000’ for
‘$25,000’.

“(B) HEAD OF HOUSEHOLD.—In the case
of a head of household (as defined in section
2(b)), paragraph (1) shall be applied by sub-
stituting ‘$112,500’ for ‘$75,000’ and
‘$37,500’ for ‘$25,000’.

“(e) DEFINITIONS AND SPECIAL RULES.—

“(1) DEPENDENT DEFINED.—For purposes of
this section, the term ‘dependent’ has the meaning
given such term by section 152.

“(2) IDENTIFICATION NUMBER REQUIRE-
MENT.—

“(A) IN GENERAL.—In the case of a re-
turn other than a joint return, the $1,400
amount in subsection (b)(1) shall be treated as
being zero unless the taxpayer includes the
valid identification number of the taxpayer on
the return of tax for the taxable year.

“(B) JOINT RETURNS.—In the case of a
joint return, the $2,800 amount in subsection
(b)(1) shall be treated as being—
“(i) $1,400 if the valid identification number of only 1 spouse is included on the return of tax for the taxable year, and

“(ii) zero if the valid identification number of neither spouse is so included.

“(C) DEPENDENTS.—A dependent shall not be taken into account under subsection (b)(2) unless the valid identification number of such dependent is included on the return of tax for the taxable year.

“(D) VALID IDENTIFICATION NUMBER.—

“(i) IN GENERAL.—For purposes of this paragraph, the term ‘valid identification number’ means a social security number issued to an individual by the Social Security Administration on or before the due date for filing the return for the taxable year.

“(ii) ADOPTION TAXPAYER IDENTIFICATION NUMBER.—For purposes of subparagraph (C), in the case of a dependent who is adopted or placed for adoption, the term ‘valid identification number’ shall include the adoption taxpayer identification number of such dependent.
“(E) SPECIAL RULE FOR MEMBERS OF
THE ARMED FORCES.—Subparagraph (B) shall
not apply in the case where at least 1 spouse
was a member of the Armed Forces of the
United States at any time during the taxable
year and the valid identification number of at
least 1 spouse is included on the return of tax
for the taxable year.

“(F) COORDINATION WITH CERTAIN ADVANCE PAYMENTS.—In the case of any payment
determined pursuant to subsection (g)(6), a
valid identification number shall be treated for
purposes of this paragraph as included on the
taxpayer’s return of tax if such valid identifica-
tion number is available to the Secretary as de-
scribed in such subsection.

“(G) MATHEMATICAL OR CLERICAL ERROR
AUTHORITY.—Any omission of a correct valid
identification number required under this para-
graph shall be treated as a mathematical or
clerical error for purposes of applying section
6213(g)(2) to such omission.

“(3) CREDIT TREATED AS REFUNDABLE.—The
credit allowed by subsection (a) shall be treated as
allowed by subpart C of part IV of subchapter A of
chapter 1.

“(f) COORDINATION WITH ADVANCE REFUNDS OF
CREDIT.—

“(1) REDUCTION OF REFUNDABLE CREDIT.—
The amount of the credit which would (but for this
paragraph) be allowable under subsection (a) shall
be reduced (but not below zero) by the aggregate re-
funds and credits made or allowed to the taxpayer
(or, except as otherwise provided by the Secretary,
any dependent of the taxpayer) under subsection (g).
Any failure to so reduce the credit shall be treated
as arising out of a mathematical or clerical error
and assessed according to section 6213(b)(1).

“(2) JOINT RETURNS.—Except as otherwise
provided by the Secretary, in the case of a refund
or credit made or allowed under subsection (g) with
respect to a joint return, half of such refund or cred-
it shall be treated as having been made or allowed
to each individual filing such return.

“(g) ADVANCE REFUNDS AND CREDITS.—

“(1) IN GENERAL.—Subject to paragraphs (5)
and (6), each individual who was an eligible indi-
vidual for such individual’s first taxable year begin-
ning in 2019 shall be treated as having made a pay-
ment against the tax imposed by chapter 1 for such taxable year in an amount equal to the advance refund amount for such taxable year.

“(2) ADVANCE REFUND AMOUNT.—

“(A) IN GENERAL.—For purposes of paragraph (1), the advance refund amount is the amount that would have been allowed as a credit under this section for such taxable year if this section (other than subsection (f) and this subsection) had applied to such taxable year.

“(B) TREATMENT OF DECEASED INDIVIDUALS.—For purposes of determining the advance refund amount with respect to such taxable year—

“(i) any individual who was deceased before January 1, 2021, shall be treated for purposes of applying subsection (e)(2) in the same manner as if the valid identification number of such person was not included on the return of tax for such taxable year (except that subparagraph (E) thereof shall not apply),

“(ii) notwithstanding clause (i), in the case of a joint return with respect to which only 1 spouse is deceased before January
1, 2021, such deceased spouse was a member of the Armed Forces of the United States at any time during the taxable year, and the valid identification number of such deceased spouse is included on the return of tax for the taxable year, the valid identification number of 1 (and only 1) spouse shall be treated as included on the return of tax for the taxable year for purposes of applying subsection (e)(2)(B) with respect to such joint return, and

“(iii) no amount shall be determined under subsection (e)(2) with respect to any dependent of the taxpayer if the taxpayer (both spouses in the case of a joint return) was deceased before January 1, 2021.

“(3) TIMING AND MANNER OF PAYMENTS.—

“(A) TIMING.—The Secretary shall, subject to the provisions of this title, refund or credit any overpayment attributable to this subsection as rapidly as possible, consistent with a rapid effort to make payments attributable to such overpayments electronically if appropriate. No refund or credit shall be made or allowed under this subsection after December 31, 2021.
“(B) DELIVERY OF PAYMENTS.—Notwithstanding any other provision of law, the Secretary may certify and disburse refunds payable under this subsection electronically to—

“(i) any account to which the payee received or authorized, on or after January 1, 2019, a refund of taxes under this title or of a Federal payment (as defined in section 3332 of title 31, United States Code),

“(ii) any account belonging to a payee from which that individual, on or after January 1, 2019, made a payment of taxes under this title, or

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

“(C) WAIVER OF CERTAIN RULES.—Notwithstanding section 3325 of title 31, United States Code, or any other provision of law, with respect to any payment of a refund under this subsection, a disbursing official in the executive branch of the United States Government may modify payment information received from an officer or employee described in section 3325(a)(1)(B) of such title for the purpose of
facilitating the accurate and efficient delivery of such payment. Except in cases of fraud or reckless neglect, no liability under section 3325, 3527, 3528, or 3529 of title 31, United States Code, shall be imposed with respect to payments made under this subparagraph.

“(4) NO INTEREST.—No interest shall be allowed on any overpayment attributable to this subsection.

“(5) APPLICATION TO INDIVIDUALS WHO HAVE FILED A RETURN OF TAX FOR 2020.—

“(A) APPLICATION TO 2020 RETURNS FILED AT TIME OF INITIAL DETERMINATION.— If, at the time of any determination made pursuant to paragraph (3), the individual referred to in paragraph (1) has filed a return of tax for the individual’s first taxable year beginning in 2020, paragraph (1) shall be applied with respect to such individual by substituting ‘2020’ for ‘2019’.

“(B) ADDITIONAL PAYMENT.—

“(i) IN GENERAL.—In the case of any individual who files, before the additional payment determination date, a return of tax for such individual’s first taxable year
beginning in 2020, the Secretary shall
make a payment (in addition to any pay-
ment made under paragraph (1)) to such
individual equal to the excess (if any) of—

“(I) the amount which would be
determined under paragraph (1)
(after the application of subparagraph
(A)) by applying paragraph (1) as of
the additional payment determination
date, over

“(II) the amount of any payment
made with respect to such individual
under paragraph (1).

“(ii) ADDITIONAL PAYMENT DETER-
MINATION DATE.—The term ‘additional
payment determination date’ means the
earlier of—

“(I) the date which is 90 days
after the 2020 calendar year filing
deadline, or

“(II) September 1, 2021.

“(iii) 2020 CALENDAR YEAR FILING
DEADLINE.—The term ‘2020 calendar year
filing deadline’ means the date specified in
section 6072(a) with respect to returns for
calendar year 2020. Such date shall be determined after taking into account any period disregarded under section 7508A if such disregard applies to substantially all returns for calendar year 2020 to which section 6072(a) applies.

“(6) APPLICATION TO CERTAIN INDIVIDUALS WHO HAVE NOT FILED A RETURN OF TAX FOR 2019 OR 2020 AT TIME OF DETERMINATION.—

“(A) IN GENERAL.—In the case of any individual who, at the time of any determination made pursuant to paragraph (3), has filed a tax return for neither the year described in paragraph (1) nor for the year described in paragraph (5)(A), the Secretary may apply paragraph (1) on the basis of information available to the Secretary and, on the basis of such information, may determine the advance refund amount with respect to such individual without regard to subsection (d).

“(B) PAYMENT TO REPRESENTATIVE PAYEES AND FIDUCIARIES.—In the case of any payment determined pursuant to subparagraph (A), such payment may be made to an individual or organization serving as the eligible in-
individual’s representative payee or fiduciary for a federal benefit program and the entire amount of such payment so made shall be used only for the benefit of the individual who is entitled to the payment.

“(7) SPECIAL RULE RELATED TO TIME OF FILING RETURN.—Solely for purposes of this subsection, a return of tax shall not be treated as filed until such return has been processed by the Internal Revenue Service.

“(8) NOTICE TO TAXPAYER.—As soon as practicable after the date on which the Secretary distributed any payment to an eligible taxpayer pursuant to this subsection, notice shall be sent by mail to such taxpayer’s last known address. Such notice shall indicate the method by which such payment was made, the amount of such payment, a phone number for an appropriate point of contact at the Internal Revenue Service to report any error with respect to such payment, and such other information as the Secretary determines appropriate.

“(9) RESTRICTION ON USE OF CERTAIN PREVIOUSLY ISSUED PREPAID DEBIT CARDS.—Payments made by the Secretary to individuals under this section shall not be in the form of an increase in the
balance of any previously issued prepaid debit card
if, as of the time of the issuance of such card, such
card was issued solely for purposes of making pay-
ments under section 6428 or 6428A.

“(h) REGULATIONS.—The Secretary shall prescribe
such regulations or other guidance as may be necessary
or appropriate to carry out the purposes of this section,
including—

“(1) regulations or other guidance providing
taxpayers the opportunity to provide the Secretary
information sufficient to allow the Secretary to make
payments to such taxpayers under subsection (g)
(including the determination of the amount of such
payment) if such information is not otherwise avail-
able to the Secretary, and

“(2) regulations or other guidance to ensure to
the maximum extent administratively practicable
that, in determining the amount of any credit under
subsection (a) and any credit or refund under sub-
section (g), an individual is not taken into account
more than once, including by different taxpayers and
including by reason of a change in joint return sta-
tus or dependent status between the taxable year for
which an advance refund amount is determined and
the taxable year for which a credit under subsection
(a) is determined.

“(i) OUTREACH.—The Secretary shall carry out a ro-

bust and comprehensive outreach program to ensure that
all taxpayers described in subsection (h)(1) learn of their
eligibility for the advance refunds and credits under sub-
section (g); are advised of the opportunity to receive such
advance refunds and credits as provided under subsection
(h)(1); and are provided assistance in applying for such
advance refunds and credits. In conducting such outreach
program, the Secretary shall coordinate with other govern-
ment, State, and local agencies; federal partners; and com-
munity-based nonprofit organizations that regularly inter-
face with such taxpayers.”.

(b) TREATMENT OF CERTAIN POSSESSIONS.—

(1) PAYMENTS TO POSSESSIONS WITH MIRROR

CODE TAX SYSTEMS.—The Secretary of the Treas-
ury shall pay to each possession of the United States
which has a mirror code tax system amounts equal
to the loss (if any) to that possession by reason of
the amendments made by this section. Such
amounts shall be determined by the Secretary of the
Treasury based on information provided by the gov-
ernment of the respective possession.
(2) PAYMENTS TO OTHER POSSESSIONS.—The Secretary of the Treasury shall pay to each possession of the United States which does not have a mirror code tax system amounts estimated by the Secretary of the Treasury as being equal to the aggregate benefits (if any) that would have been provided to residents of such possession by reason of the amendments made by this section if a mirror code tax system had been in effect in such possession. The preceding sentence shall not apply unless the respective possession has a plan, which has been approved by the Secretary of the Treasury, under which such possession will promptly distribute such payments to its residents.

(3) INCLUSION OF ADMINISTRATIVE EXPENSES.—The Secretary of the Treasury shall pay to each possession of the United States to which the Secretary makes a payment under paragraph (1) or (2) an amount equal to the lesser of—

(A) the increase (if any) of the administrative expenses of such possession—

(i) in the case of a possession described in paragraph (1), by reason of the amendments made by this section, and
(ii) in the case of a possession described in paragraph (2), by reason of carrying out the plan described in such paragraph, or

(B) $500,000 ($10,000,000 in the case of Puerto Rico).

The amount described in subparagraph (A) shall be determined by the Secretary of the Treasury based on information provided by the government of the respective possession.

(4) COORDINATION WITH CREDIT ALLOWED AGAINST UNITED STATES INCOME TAXES.—No credit shall be allowed against United States income taxes under section 6428B of the Internal Revenue Code of 1986 (as added by this section), nor shall any credit or refund be made or allowed under subsection (g) of such section, to any person—

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

(B) who is eligible for a payment under a plan described in paragraph (2).

(5) MIRROR CODE TAX SYSTEM.—For purposes of this subsection, the term “mirror code tax system” means, with respect to any possession of the
United States, the income tax system of such possession if the income tax liability of the residents of such possession under such system is determined by reference to the income tax laws of the United States as if such possession were the United States.

(6) Treatment of Payments.—For purposes of section 1324 of title 31, United States Code, the payments under this subsection shall be treated in the same manner as a refund due from a credit provision referred to in subsection (b)(2) of such section.

(c) Administrative Provisions.—

(1) Definition of deficiency.—Section 6211(b)(4)(A) of the Internal Revenue Code of 1986 is amended by striking “6428, and 6428A” and inserting “6428, 6428A, and 6428B”.

(2) Exception from reduction or offset.—Any refund payable by reason of section 6428B(g) of the Internal Revenue Code of 1986 (as added by this section), or any such refund payable by reason of subsection (b) of this section, shall not be —

(A) subject to reduction or offset pursuant to section 3716 or 3720A of title 31, United States Code,
(B) subject to reduction or offset pursuant to subsection (e), (d), (e), or (f) of section 6402 of the Internal Revenue Code of 1986, or

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

(3) CONFORMING AMENDMENTS.—

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

(B) The table of sections for subchapter B of chapter 65 of the Internal Revenue Code of 1986 is amended by inserting after the item relating to section 6428A the following new item:

“Sec. 6428B. 2021 recovery rebates to individuals.”

(d) APPROPRIATIONS.—Immediately upon the enactment of this Act, in addition to amounts otherwise available, there are appropriated for fiscal year 2021, out of any money in the Treasury not otherwise appropriated:

(1) $1,464,500,000 to remain available until September 30, 2023 for necessary expenses for the Internal Revenue Service for the administration of the advance payments, the provision of taxpayer assistance, and the furtherance of integrated, modernized, and secure Internal Revenue Service systems, which shall supplement and not supplant any other
appropriations that may be available for this purpose.

(2) $7,000,000 to remain available until September 30, 2022, for necessary expenses for the Bureau of the Fiscal Service to carry out this section (and the amendments made by this section), which shall supplement and not supplant any other appropriations that may be available for this purpose, and

(3) $8,000,000 to remain available until September 30, 2023, for the Treasury Inspector General for Tax Administration for the purposes of overseeing activates related to the administration of this section (and the amendments made by this section), which shall supplement and not supplant any other appropriations that may be available for this purpose.

(e) Flexibility With Respect to IRS Information Technology Employees.—

(1) If services performed by an employee of the Internal Revenue Service during the period beginning on January 1, 2020, and ending on December 31, 2022, are determined by the Commissioner of Internal Revenue to be primarily related to information technology, any premium pay for such services shall be disregarded in calculating the aggregate of
such employee’s basic pay and premium pay for purposes of a limitation under section 5547(a) of title 5, United States Code, or under any other provision of law, whether such employee’s pay is paid on a bi-weekly or calendar year basis.

(2) Any overtime pay for such services shall be disregarded in calculating any annual limit on the amount of overtime pay payable in a calendar or fiscal year.

(3) With regard to such services, any pay that is disregarded under either paragraph (1) or (2) shall be disregarded in calculating such employees aggregate pay for purposes of the limitations in sections 5307 and 9502 of such title 5.

(4) If application of this subsection results in the payment of additional premium pay to a covered employee of a type that is normally creditable as basic pay for retirement or any other purpose, that additional pay shall not—

(A) be considered to be basic pay of the covered employee for any purpose; or

(B) be used in computing a lump-sum payment to the covered employee for accumulated and accrued annual leave under section 5551 or section 5552 of such title 5.
PART 2—CHILD TAX CREDIT

SEC. 9611. CHILD TAX CREDIT IMPROVEMENTS FOR 2021.

(a) In General.—Section 24 of the Internal Revenue Code of 1986 is amended by adding at the end the following new subsection:

“(i) Special Rules for 2021.—In the case of any taxable year beginning after December 31, 2020, and before January 1, 2022—

“(1) Refundable Credit.—If the taxpayer (in the case of a joint return, either spouse) has a principal place of abode in the United States (determined as provided in section 32) for more than one-half of the taxable year or is a bona fide resident of Puerto Rico (within the meaning of section 937(a)) for such taxable year—

“(A) subsection (d) shall not apply, and

“(B) so much of the credit determined under subsection (a) (after application of subparagraph (A)) as does not exceed the amount of such credit which would be so determined without regard to subsection (h)(4) shall be allowed under subpart C (and not allowed under this subpart).

“(2) 17-Year-Olds Eligible for Treatment as Qualifying Children.—This section shall be applied—
“(A) by substituting ‘age 18’ for ‘age 17’ in subsection (c)(1), and

“(B) by substituting ‘described in subsection (c) (determined after the application of subsection (i)(2)(A))’ for ‘described in subsection (c)’ in subsection (h)(4)(A).

“(3) CREDIT AMOUNT.—Subsection (h)(2) shall not apply and subsection (a) shall be applied by substituting ‘$3,000 ($3,600 in the case of a qualifying child who has not attained age 6 as of the close of the calendar year in which the taxable year of the taxpayer begins)’ for ‘$1,000’.

“(4) REDUCTION OF INCREASED CREDIT AMOUNT BASED ON MODIFIED ADJUSTED GROSS INCOME.—

“(A) IN GENERAL.—The amount of the credit allowable under subsection (a) (determined without regard to subsection (b)) shall be reduced by $50 for each $1,000 (or fraction thereof) by which the taxpayer’s modified adjusted gross income (as defined in subsection (b)) exceeds the applicable threshold amount.

“(B) APPLICABLE THRESHOLD AMOUNT.—For purposes of this paragraph, the term ‘applicable threshold amount’ means—
“(i) $150,000, in the case of a joint return or surviving spouse (as defined in section 2(a)) ,

“(ii) $112,500, in the case of a head of household (as defined in section 2(b)), and

“(iii) $75,000, in any other case.

“(C) LIMITATION ON REDUCTION.—

“(i) IN GENERAL.—The amount of the reduction under subparagraph (A) shall not exceed the lesser of—

“(I) the applicable credit increase amount, or

“(II) 5 percent of the applicable phaseout threshold range.

“(ii) APPLICABLE CREDIT INCREASE AMOUNT.—For purposes of this subparagraph, the term ‘applicable credit increase amount’ means the excess (if any) of—

“(I) the amount of the credit allowable under this section for the taxable year determined without regard to this paragraph and subsection (b),

over
“(II) the amount of such credit as so determined and without regard to paragraph (3).

“(iii) APPLICABLE PHASEOUT THRESHOLD RANGE.—For purposes of this subparagraph, the term ‘applicable phase-out threshold range’ means the excess of—

“(I) the threshold amount applicable to the taxpayer under subsection (b) (determined after the application of subsection (h)(3)), over

“(II) the applicable threshold amount applicable to the taxpayer under this paragraph.

“(D) COORDINATION WITH LIMITATION ON OVERALL CREDIT.—Subsection (b) shall be applied by substituting ‘the credit allowable under subsection (a) (determined after the application of subsection (i)(4)(A)’ for ‘the credit allowable under subsection (a)’.

(b) ADVANCE PAYMENT OF CREDIT.—

(1) IN GENERAL.—Chapter 77 of such Code is amended by inserting after section 7527 the following new section:
“SEC. 7527A. ADVANCE PAYMENT OF CHILD TAX CREDIT.

“(a) In General.—The Secretary shall establish a program for making monthly payments to taxpayers each of which is equal to \( \frac{1}{12} \) of the annual advance amount determined with respect to such taxpayer for the calendar year.

“(b) Annual Advance Amount.—For purposes of this section—

“(1) In General.—Except as otherwise provided in this subsection, the term ‘annual advance amount’ means, with respect to any taxpayer for any calendar year, the amount (if any) which is estimated by the Secretary as being equal to the amount which would be treated as allowed under subpart C of part IV of subchapter A of chapter 1 by reason of section 24(i)(1) for the taxpayer’s taxable year beginning in such calendar year if—

“(A) the status of the taxpayer as a taxpayer described in section 24(i)(1) is determined with respect to the reference taxable year,

“(B) the taxpayer’s modified adjusted gross income for such taxable year is equal to the taxpayer’s modified adjusted gross income for the reference taxable year,
“(C) the only children of such taxpayer for such taxable year are qualifying children properly claimed on the taxpayer’s return of tax for the reference taxable year, and

“(D) the ages of such children (and the status of such children as qualifying children) are determined for such taxable year by taking into account the passage of time since the reference taxable year.

“(2) REFERENCE TAXABLE YEAR.—Except as provided in paragraph (3)(A), the term ‘reference taxable year’ means, with respect to any taxpayer for any calendar year, the taxpayer’s taxable year beginning in the preceding calendar year or, in the case of taxpayer who did not file a return of tax for such taxable year, the taxpayer’s taxable year beginning in the second preceding calendar year.

“(3) MODIFICATIONS DURING CALENDAR YEAR.—

“(A) IN GENERAL.—The Secretary may modify, during any calendar year, the annual advance amount with respect to any taxpayer for such calendar year to take into account—

“(i) a return of tax filed by such taxpayer during such calendar year (and the
taxable year to which such return relates may be taken into account as the reference taxable year), and

“(ii) any other information provided by the taxpayer to the Secretary which allows the Secretary to determine payments under subsection (a) which, in the aggregate during any taxable year of the taxpayer, more closely total the Secretary’s estimate of the amount treated as allowed under subpart C of part IV of subchapter A of chapter 1 by reason of section 24(i)(1) for such taxable year of such taxpayer.

“(B) ADJUSTMENT TO REFLECT EXCESS OR DEFICIT IN PRIOR PAYMENTS.—In the case of any modification of the annual advance amount under subparagraph (A), the Secretary may adjust the amount of any monthly payment made after the date of such modification to properly take into account the amount by which any monthly payment made before such date was greater than or less than the amount that such payment would have been on the
basis of the annual advance amount as so modified.

“(4) Determination of Status.—If information contained in the taxpayer’s return of tax for the reference taxable year does not establish the status of the taxpayer as being described in section 24(i)(1), the Secretary may, for purposes of paragraph (1)(A), infer such status (or the lack thereof) from such information as is so contained or from other sources.

“(5) Treatment of Certain Deaths.—A child shall not be taken into account in determining the annual advance amount under paragraph (1) if the death of such child is known to the Secretary as of the beginning of the calendar year for which the estimate under such paragraph is made.

“(c) On-line Information Portal.—The Secretary shall establish an on-line portal which allows taxpayers to—

“(1) elect not to receive payments under this section, and

“(2) provide information to the Secretary which would be relevant to a modification under subsection (b)(3)(B) of the annual advance amount, including information regarding—
“(A) a change in the number of the taxpayer’s qualifying children, including by reason of the birth of a child,

“(B) a change in the taxpayer’s marital status,

“(C) a significant change in the taxpayer’s income, and

“(D) any other factor which the Secretary may provide.

“(d) NOTICE OF PAYMENTS.—Not later than January 31 of the calendar year following any calendar year during which the Secretary makes one or more payments to any taxpayer under this section, the Secretary shall provide such taxpayer with a written notice which includes the taxpayer’s taxpayer identity (as defined in section 6103(b)(6)), the aggregate amount of such payments made to such taxpayer during such calendar year, and such other information as the Secretary determines appropriate.

“(e) AUTHORITY TO ADJUST INTERVAL OF PAYMENTS.—If the Secretary determines that it is not administratively feasible to make monthly payments under this section—
“(1) such payments shall be made on the basis of the shortest interval which the Secretary determines is administratively feasible, and

“(2) the amount of such payments shall be determined by substituting the ratio of the length of such interval to the length of the calendar year for ‘1/12’ in subsection (a).

“(f) ADMINISTRATIVE PROVISIONS.—

“(1) APPLICATION OF DIRECT DEPOSIT REQUIREMENT.—Solely for purposes of section 3332 of title 31, United States Code (and notwithstanding the last sentence of subsection (j)(3) thereof), the payments made by the Secretary under subsection (a) shall be treated as Federal payments.

“(2) DELIVERY OF PAYMENTS.—Notwithstanding any other provision of law, the Secretary may certify and disburse refunds payable under this section electronically to—

“(A) any account to which the payee received or authorized, on or after January 1, 2019, a refund of taxes under this title or a Federal payment (as defined in section 3332 of title 31, United States Code),

“(B) any account belonging to a payee from which that individual, on or after January
1, 2019, made a payment of taxes under this title, or

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

“(3) WAIVER OF CERTAIN RULES.—Notwithstanding section 3325 of title 31, United States Code, or any other provision of law, with respect to any payment of a refund under this section, a disbursing official in the executive branch of the United States Government may modify payment information received from an officer or employee described in section 3325(a)(1)(B) of such title for the purpose of facilitating the accurate and efficient delivery of such payment. Except in cases of fraud or reckless neglect, no liability under section 3325, 3527, 3528, or 3529 of title 31, United States Code, shall be imposed with respect to payments made under this paragraph.

“(4) EXCEPTION FROM REDUCTION OR OFFSET.—Any payment made to any individual under this section shall not be—

“(A) subject to reduction or offset pursuant to section 3716 or 3720A of title 31, United States Code,
“(B) subject to reduction or offset pursuant to subsection (c), (d), (e), or (f) of section 6402, or

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

“(5) ADVANCE PAYMENTS NOT APPLICABLE TO POSSESSIONS OF THE UNITED STATES.—

“(A) IN GENERAL.—The advance payment amount determined under this section shall be determined—

“(i) by applying section 24(i)(1) without regard to the phrase ‘or is a bona fide resident of Puerto Rico (within the meaning of section 937(a))’, and

“(ii) without regard to section 24(k)(3)(C)(ii)(I).

“(B) MIRROR CODE POSSESSIONS.—In the case of any possession of the United States with a mirror code tax system (as defined in section 24(k)), this section shall not be treated as part of the income tax laws of the United States for purposes of determining the income tax law of such possession.
“(g) APPLICATION.—No payments shall be made under the program established under subsection (a) with respect to—

“(1) any month beginning before July 1, 2021, or

“(2) any month beginning after December 31, 2021.

“(h) REGULATIONS.—The Secretary shall issue such regulations or other guidance as the Secretary determines necessary or appropriate to carry out the purposes of this section and subsections (i)(1) and (j) of section 24, including regulations or other guidance which provides for the application of such provisions where the filing status of the taxpayer for a taxable year is different from the status used for determining the annual advance amount.”.

(2) RECONCILIATION OF CREDIT AND ADVANCE CREDIT.—Section 24 of such Code, as amended by the preceding provision of this Act, is amended by adding at the end the following new subsection:

“(j) RECONCILIATION OF CREDIT AND ADVANCE CREDIT.—

“(1) IN GENERAL.—The amount of the credit allowed under this section to any taxpayer for any taxable year shall be reduced (but not below zero) by the aggregate amount of payments made under sec-
tion 7527A to such taxpayer during such taxable year. Any failure to so reduce the credit shall be treated as arising out of a mathematical or clerical error and assessed according to section 6213(b)(1).

“(2) EXCESS ADVANCE PAYMENTS.—

“(A) IN GENERAL.—If the aggregate amount of payments under section 7527A to the taxpayer during the taxable year exceeds the amount of the credit allowed under this section to such taxpayer for such taxable year (determined without regard to paragraph (1)), the tax imposed by this chapter for such taxable year shall be increased by the amount of such excess. Any failure to so increase the tax shall be treated as arising out of a mathematical or clerical error and assessed according to section 6213(b)(1).

“(B) SAFE HARBOR BASED ON MODIFIED ADJUSTED GROSS INCOME.—

“(i) IN GENERAL.—In the case of a taxpayer whose modified adjusted gross income (as defined in subsection (b)) for the taxable year does not exceed 200 percent of the applicable income threshold, the amount of the increase determined under
subparagraph (A) with respect to such tax-
payer for such taxable year shall be re-
duced (but not below zero) by the safe har-
bor amount.

“(ii) PHASE OUT OF SAFE HARBOR
AMOUNT.—In the case of a taxpayer whose
modified adjusted gross income (as defined
in subsection (b)) for the taxable year ex-
ceeds the applicable income threshold, the
safe harbor amount otherwise in effect
under clause (i) shall be reduced by the
amount which bears the same ratio to such
amount as such excess bears to the appli-
cable income threshold.

“(iii) APPLICABLE INCOME THRESH-
OLD.—For purposes of this subparagraph,
the term ‘applicable income threshold’
means—

“(I) $60,000 in the case of a
joint return or surviving spouse (as
defined in section 2(a)),

“(II) $50,000 in the case of a
head of household, and

“(III) $40,000 in any other case.
“(iv) SAFE HARBOR AMOUNT.—For purposes of this subparagraph, the term ‘safe harbor amount’ means, with respect to any taxable year, the product of—

“(I) $2,000, multiplied by

“(II) the excess (if any) of the number of qualified children taken into account in determining the annual advance amount with respect to the taxpayer under section 7527A with respect to months beginning in such taxable year, over the number of qualified children taken into account in determining the credit allowed under this section for such taxable year.”.

(3) COORDINATION WITH WAGE WITHHOLDING.—Section 3402(f)(1)(C) of such Code is amended by striking “section 24(a)” and inserting “section 24 (determined after application of subsection (j) thereof)”.

(4) CONFORMING AMENDMENTS.—

(A) Section 26(b)(2) of such Code is amended by striking “and” at the end of subparagraph (X), by striking the period at the
end of subparagraph (Y) and inserting ‘‘, and’’, and by adding at the end the following new sub-
paragraph:

“(Z) section 24(j)(2) (relating to excess advance payments).’’.

(B) Section 6211(b)(4)(A) of such Code, as amended by the preceding provisions of this subtitle, is amended—

(i) by striking ‘‘24(d)’’ and inserting ‘‘24 by reason of subsections (d) and (i)(1) thereof’, and

(ii) by striking ‘‘and 6428B’’ and inserting ‘‘6428B, and 7527A’’.

(C) Paragraph (2) of section 1324(b) of title 31, United States Code, is amended—

(i) by inserting ‘‘24,’’ before ‘‘25A’’, and

(ii) by striking ‘‘ or 6431’’ and inserting ‘‘6431, or 7527A’’.

(D) The table of sections for chapter 77 of the Internal Revenue Code of 1986 is amended by inserting after the item relating to section 7527 the following new item:

‘‘Sec. 7527A. Advance payment of child tax credit.’’.

(5) APPROPRIATIONS TO CARRY OUT ADVANCE PAYMENTS.—Immediately upon the enactment of
this Act, in addition to amounts otherwise available, there are appropriated for fiscal year 2021, out of any money in the Treasury not otherwise appropriated:

(A) $397,200,000 to remain available until September 30, 2022, for necessary expenses for the Internal Revenue Service to carry out this section (and the amendments made by this section), which shall supplement and not supplant any other appropriations that may be available for this purpose, and

(B) $16,200,000 to remain available until September 30, 2022, for necessary expenses for the Bureau of the Fiscal Service to carry out this section (and the amendments made by this section), which shall supplement and not supplant any other appropriations that may be available for this purpose.

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to taxable years beginning after December 31, 2020.

(2) ESTABLISHMENT OF ADVANCE PAYMENT PROGRAM.—The Secretary of the Treasury (or the Secretary’s designee) shall establish the program de-
scribed in section 7527A of the Internal Revenue Code of 1986 as soon as practicable after the date of the enactment of this Act, except that the Secretary shall ensure that the timing of the establishment of such program does not interfere with carrying out section 6428B(g) as rapidly as possible.

SEC. 9612. APPLICATION OF CHILD TAX CREDIT IN POSSESSIONS.

(a) IN GENERAL.—Section 24 of the Internal Revenue Code of 1986, as amended by the preceding provisions of this Act, is amended by adding at the end the following new subsection:

“(k) Application of Credit in Possessions.—

“(1) Mirror code possessions.—

“(A) In general.—The Secretary shall pay to each possession of the United States with a mirror code tax system amounts equal to the loss (if any) to that possession by reason of the application of this section (determined without regard to this subsection) with respect to taxable years beginning after 2020. Such amounts shall be determined by the Secretary based on information provided by the government of the respective possession.
(B) COORDINATION WITH CREDIT ALLOWED AGAINST UNITED STATES INCOME TAXES.—No credit shall be allowed under this section for any taxable year to any individual to whom a credit is allowable against taxes imposed by a possession of the United States with a mirror code tax system by reason of the application of this section in such possession for such taxable year.

(C) MIRROR CODE TAX SYSTEM.—For purposes of this paragraph, the term ‘mirror code tax system’ means, with respect to any possession of the United States, the income tax system of such possession if the income tax liability of the residents of such possession under such system is determined by reference to the income tax laws of the United States as if such possession were the United States.

(2) PUERTO RICO.—

(A) APPLICATION TO TAXABLE YEARS IN 2021.—

(i) For application of refundable credit to residents of Puerto Rico, see subsection (i)(1).
“(ii) For nonapplication of advance payment to residents of Puerto Rico, see section 7527A(f)(5)(A).

“(B) APPLICATION TO TAXABLE YEARS AFTER 2021.—In the case of any bona fide resident of Puerto Rico (within the meaning of section 937(a)) for any taxable year beginning after December 31, 2021—

“(i) the credit determined under this section shall be allowable to such resident, and

“(ii) subsection (d)(1)(B)(ii) shall be applied without regard to the phrase ‘in the case of a taxpayer with 3 or more qualifying children’.

“(3) AMERICAN SAMOA.—

“(A) IN GENERAL.—The Secretary shall pay to American Samoa amounts estimated by the Secretary as being equal to the aggregate benefits that would have been provided to residents of American Samoa by reason of the application of this section for taxable years beginning after 2020 if the provisions of this section had been in effect in American Samoa (applied as if American Samoa were the United States
and without regard to the application of this section to bona fide residents of Puerto Rico under subsection (i)(1)).

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

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

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

“(ii) APPLICATION OF SECTION IN EVENT OF ABSENCE OF APPROVED PLAN.—In the case of a taxable year with respect to which a plan is not approved under subparagraph (B)—

“(I) if such taxable year begins in 2021, subsection (i)(1) shall be ap-
plied by substituting ‘bona fide resident of Puerto Rico or American Samoa’ for ‘bona fide resident of Puerto Rico’, and

“(II) if such taxable year begins after December 31, 2021, rules similar to the rules of paragraph (2)(B) shall apply with respect to bona fide residents of American Samoa (within the meaning of section 937(a)).

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

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2020.
PART 3—EARNED INCOME TAX CREDIT

SEC. 9621. STRENGTHENING THE EARNED INCOME TAX CREDIT FOR INDIVIDUALS WITH NO QUALIFYING CHILDREN.

(a) Special Rules for 2021.—Section 32 of the Internal Revenue Code of 1986 is amended by adding at the end the following new subsection:

“(n) Special Rules for Individuals Without Qualifying Children.—In the case of any taxable year beginning after December 31, 2020, and before January 1, 2022—

“(1) Decrease in Minimum Age for Credit.—

“(A) In General.—Subsection (c)(1)(A)(ii)(II) shall be applied by substituting ‘the applicable minimum age’ for ‘age 25’.

“(B) Applicable Minimum Age.—For purposes of this paragraph, the term ‘applicable minimum age’ means—

“(i) except as otherwise provided in this subparagraph, age 19,

“(ii) in the case of a specified student (other than a qualified former foster youth or a qualified homeless youth), age 24, and
“(iii) in the case of a qualified former foster youth or a qualified homeless youth, age 18.

“(C) SPECIFIED STUDENT.—For purposes of this paragraph, the term ‘specified student’ means, with respect to any taxable year, an individual who is an eligible student (as defined in section 25A(b)(3)) during at least 5 calendar months during the taxable year.

“(D) QUALIFIED FORMER FOSTER YOUTH.—For purposes of this paragraph, the term ‘qualified former foster youth’ means an individual who—

“(i) on or after the date that such individual attained age 14, was in foster care provided under the supervision or administration of an entity administering (or eligible to administer) a plan under part B or part E of title IV of the Social Security Act (without regard to whether Federal assistance was provided with respect to such child under such part E), and

“(ii) provides (in such manner as the Secretary may provide) consent for entities which administer a plan under part B or
part E of title IV of the Social Security Act to disclose to the Secretary informa-
tion related to the status of such individual as a qualified former foster youth.

“(E) QUALIFIED HOMELESS YOUTH.—For purposes of this paragraph, the term ‘qualified homeless youth’ means, with respect to any taxable year, an individual who—

“(i) is certified by a local educational agency or a financial aid administrator during such taxable year as being either an unaccompanied youth who is a homeless child or youth, or as unaccompanied, at risk of homelessness, and self-supporting, and

“(ii) provides (in such manner as the Secretary may provide) consent for local educational agencies and financial aid administrators to disclose to the Secretary information related to the status of such individual as a qualified homeless youth.

Terms used in this subparagraph which are also used in section 480(d)(1) of the Higher Education Act of 1965 shall have the same meaning as when used in such section.
“(2) Elimination of maximum age for credit.—Subsection (e)(1)(A)(ii)(II) shall be applied without regard to the phrase ‘but not attained age 65’.

“(3) Increase in credit and phaseout percentages.—The table contained in subsection (b)(1) shall be applied by substituting ‘15.3’ for ‘7.65’ each place it appears therein.

“(4) Increase in earned income and phaseout amounts.—

“(A) In general.—The table contained in subsection (b)(2)(A) shall be applied—

“(i) by substituting ‘$9,820’ for ‘$4,220’, and

“(ii) by substituting ‘$11,610’ for ‘$5,280’.

“(B) Coordination with inflation adjustment.—Subsection (j) shall not apply to any dollar amount specified in this paragraph.”.

(b) Information Return Matching.—As soon as practicable, the Secretary of the Treasury (or the Secretary’s delegate) shall develop and implement procedures to use information returns under section 6050S (relating to returns relating to higher education tuition and related expenses) to check the status of individuals as specified
students for purposes of section 32(n)(1)(B)(ii) of the Internal Revenue Code of 1986 (as added by this section).

(c) Effective Date.—The amendment made by this section shall apply to taxable years beginning after December 31, 2020.

SEC. 9622. TAXPAYER ELIGIBLE FOR CHILDLESS EARNED INCOME CREDIT IN CASE OF QUALIFYING CHILDREN WHO FAIL TO MEET CERTAIN IDENTIFICATION REQUIREMENTS.

(a) In General.—Section 32(c)(1) of the Internal Revenue Code of 1986 is amended by striking subparagraph (F).

(b) Effective Date.—The amendment made by this section shall apply to taxable years beginning after December 31 2020.

SEC. 9623. CREDIT ALLOWED IN CASE OF CERTAIN SEPARATED SPOUSES.

(a) In General.—Section 32(d) of the Internal Revenue Code of 1986 is amended—

(1) by striking “MARRIED INDIVIDUALS.—In the case of” and inserting the following: “MARRIED INDIVIDUALS.—

“(1) In general.—In the case of”, and

(2) by adding at the end the following new paragraph:
“(2) Determination of Marital Status.—

For purposes of this section—

“(A) In General.—Except as provided in subparagraph (B), marital status shall be determined under section 7703(a).

“(B) Special Rule for Separated Spouse.—An individual shall not be treated as married if such individual—

“(i) is married (as determined under section 7703(a)) and does not file a joint return for the taxable year,

“(ii) resides with a qualifying child of the individual for more than one-half of such taxable year, and

“(iii)(I) during the last 6 months of such taxable year, does not have the same principal place of abode as the individual’s spouse, or

“(II) has a decree, instrument, or agreement (other than a decree of divorce) described in section 121(d)(3)(C) with respect to the individual’s spouse and is not a member of the same household with the individual’s spouse by the end of the taxable year.”.
(b) CONFORMING AMENDMENTS.—

(1) Section 32(c)(1)(A) of such Code is amended by striking the last sentence.

(2) Section 32(c)(1)(E)(ii) of such Code is amended by striking “(within the meaning of section 7703)”.

(3) Section 32(d)(1) of such Code, as amended by subsection (a), is amended by striking “(within the meaning of section 7703)”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2020.

SEC. 9624. MODIFICATION OF DISQUALIFIED INVESTMENT INCOME TEST.

(a) IN GENERAL.—Section 32(i) of the Internal Revenue Code of 1986 is amended by striking “$2,200” and inserting “$10,000”.

(b) INFLATION ADJUSTMENT.—Section 32(j)(1) of such Code is amended—

(1) in the matter preceding subparagraph (A), by inserting “(2021 in the case of the dollar amount in subsection (i)(1))” after “2015”,

(2) in subparagraph (B)(i)—
(A) by striking “subsections (b)(2)(A) and (i)(1)” and inserting “subsection (b)(2)(A)”;
and
(B) by striking “and” at the end,
(3) by striking the period at the end of sub-paragraph (B)(ii) and inserting “, and”, and
(4) by inserting after subparagraph (B)(ii) the following new clause:
“(iii) in the case of the $10,000 amount in subsection (i)(1), ‘calendar year 2020’ for ‘calendar year 2016’.”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2020.

SEC. 9625. APPLICATION OF EARNED INCOME TAX CREDIT IN POSSESSIONS OF THE UNITED STATES.

(a) IN GENERAL.—Chapter 77 of the Internal Revenue Code of 1986 is amended by adding at the end the following new section:

“SEC. 7530. APPLICATION OF EARNED INCOME TAX CREDIT TO POSSESSIONS OF THE UNITED STATES.

“(a) PUERTO RICO.—
“(1) IN GENERAL.—With respect to calendar year 2021 and each calendar year thereafter, the Secretary shall, except as otherwise provided in this
subsection, make payments to Puerto Rico equal
to—

“(A) the specified matching amount for such calendar year, plus

“(B) in the case of calendar years 2021 through 2025, the lesser of—

“(i) the expenditures made by Puerto Rico during such calendar year for education efforts with respect to individual taxpayers and tax return preparers relating to the earned income tax credit, or

“(ii) $1,000,000.

“(2) REQUIREMENT TO REFORM EARNED INCOME TAX CREDIT.—The Secretary shall not make any payments under paragraph (1) with respect to any calendar year unless Puerto Rico has in effect an earned income tax credit for taxable years beginning in or with such calendar year which (relative to the earned income tax credit which was in effect for taxable years beginning in or with calendar year 2019) increases the percentage of earned income which is allowed as a credit for each group of individuals with respect to which such percentage is separately stated or determined in a manner designed to substantially increase workforce participation.
“(3) SPECIFIED MATCHING AMOUNT.—For purposes of this subsection—

“(A) IN GENERAL.—The term ‘specified matching amount’ means, with respect to any calendar year, the lesser of—

“(i) the excess (if any) of—

“(I) the cost to Puerto Rico of the earned income tax credit for taxable years beginning in or with such calendar year, over

“(II) the base amount for such calendar year, or

“(ii) the product of 3, multiplied by the base amount for such calendar year.

“(B) BASE AMOUNT.—

“(i) BASE AMOUNT FOR 2021.—In the case of calendar year 2021, the term ‘base amount’ means the greater of—

“(I) the cost to Puerto Rico of the earned income tax credit for taxable years beginning in or with calendar year 2019 (rounded to the nearest multiple of $1,000,000), or

“(II) $200,000,000.
“(ii) INFLATION ADJUSTMENT.—In the case of any calendar year after 2021, the term ‘base amount’ means the dollar amount determined under clause (i) increased by an amount equal to—

“(I) such dollar amount, multiplied by—

“(II) the cost-of-living adjustment determined under section 1(f)(3) for such calendar year, determined by substituting ‘calendar year 2020’ for ‘calendar year 2016’ in subparagraph (A)(ii) thereof.

Any amount determined under this clause shall be rounded to the nearest multiple of $1,000,000.

“(4) RULES RELATED TO PAYMENTS AND REPORTS.—

“(A) TIMING OF PAYMENTS.—The Secretary shall make payments under paragraph (1) for any calendar year—

“(i) after receipt of the report described in subparagraph (B) for such calendar year, and
“(ii) except as provided in clause (i), within a reasonable period of time before the due date for individual income tax returns (as determined under the laws of Puerto Rico) for taxable years which began on the first day of such calendar year.

“(B) ANNUAL REPORTS.—With respect to calendar year 2021 and each calendar year thereafter, Puerto Rico shall provide to the Secretary a report which shall include—

“(i) an estimate of the costs described in paragraphs (1)(B)(i) and (3)(A)(i)(I) with respect to such calendar year, and

“(ii) a statement of such costs with respect to the preceding calendar year.

“(C) ADJUSTMENTS.—

“(i) IN GENERAL.—In the event that any estimate of an amount is more or less than the actual amount as later determined and any payment under paragraph (1) was determined on the basis of such estimate, proper payment shall be made by, or to, the Secretary (as the case may be) as soon as practicable after the determination that such estimate was inac-
curate. Proper adjustment shall be made in the amount of any subsequent payments made under paragraph (1) to the extent that proper payment is not made under the preceding sentence before such subsequent payments.

“(ii) ADDITIONAL REPORTS.—The Secretary may require such additional periodic reports of the information described in subparagraph (B) as the Secretary determines appropriate to facilitate timely adjustments under clause (i).

“(D) DETERMINATION OF COST OF EARNED INCOME TAX CREDIT.—For purposes of this subsection, the cost to Puerto Rico of the earned income tax credit shall be determined by the Secretary on the basis of the laws of Puerto Rico and shall include reductions in revenues received by Puerto Rico by reason of such credit and refunds attributable to such credit, but shall not include any administrative costs with respect to such credit.

“(b) POSSESSIONS WITH MIRROR CODE TAX SYSTEMS.—
“(1) IN GENERAL.—With respect to calendar year 2021 and each calendar year thereafter, the Secretary shall, except as otherwise provided in this subsection, make payments to the Virgin Islands, Guam, and the Commonwealth of the Northern Mariana Islands equal to—

“(A) 75 percent of the cost to such possession of the earned income tax credit for taxable years beginning in or with such calendar year, plus

“(B) in the case of calendar years 2021 through 2025, the lesser of—

“(i) the expenditures made by such possession during such calendar year for education efforts with respect to individual taxpayers and tax return preparers relating to such earned income tax credit, or

“(ii) $50,000.

“(2) APPLICATION OF CERTAIN RULES.—Rules similar to the rules of subparagraphs (A), (B), (C), and (D) of subsection (a)(4) shall apply for purposes of this subsection.

“(c) AMERICAN SAMOA.—

“(1) IN GENERAL.—With respect to calendar year 2021 and each calendar year thereafter, the
Secretary shall, except as otherwise provided in this subsection, make payments to American Samoa equal to—

“(A) the lesser of—

“(i) 75 percent of the cost to American Samoa of the earned income tax credit for taxable years beginning in or with such calendar year, or

“(ii) $12,000,000, plus

“(B) in the case of calendar years 2021 through 2025, the lesser of—

“(i) the expenditures made by American Samoa during such calendar year for education efforts with respect to individual taxpayers and tax return preparers relating to such earned income tax credit, or

“(ii) $50,000.

“(2) REQUIREMENT TO ENACT AND MAINTAIN AN EARNED INCOME TAX CREDIT.—The Secretary shall not make any payments under paragraph (1) with respect to any calendar year unless American Samoa has in effect an earned income tax credit for taxable years beginning in or with such calendar year which allows a refundable tax credit to individuals on the basis of the taxpayer’s earned income
which is designed to substantially increase workforce
participation.

“(3) INFLATION ADJUSTMENT.—In the case of
any calendar year after 2021, the $12,000,000
amount in paragraph (1)(A)(ii) shall be increased by
an amount equal to—

“(A) such dollar amount, multiplied by—

“(B) the cost-of-living adjustment deter-
mined under section 1(f)(3) for such calendar
year, determined by substituting ‘calendar year
2020’ for ‘calendar year 2016’ in subparagraph
(A)(ii) thereof.

Any increase determined under this clause shall be
rounded to the nearest multiple of $100,000.

“(4) APPLICATION OF CERTAIN RULES.—Rules
similar to the rules of subparagraphs (A), (B), (C),
and (D) of subsection (a)(4) shall apply for purposes
of this subsection.

“(d) TREATMENT OF PAYMENTS.—For purposes of
section 1324 of title 31, United States Code, the payments
under this section shall be treated in the same manner
as a refund due from a credit provision referred to in sub-
section (b)(2) of such section.”.
(b) CLERICAL AMENDMENT.—The table of sections for chapter 77 of the Internal Revenue Code of 1986 is amended by adding at the end the following new item:

“Sec. 7530. Application of earned income tax credit to possessions of the United States.”

SEC. 9626. TEMPORARY SPECIAL RULE FOR DETERMINING EARNED INCOME FOR PURPOSES OF EARNED INCOME TAX CREDIT.

(a) IN GENERAL.—If the earned income of the taxpayer for the taxpayer’s first taxable year beginning in 2021 is less than the earned income of the taxpayer for the taxpayer’s first taxable year beginning in 2019, the credit allowed under section 32 of the Internal Revenue Code of 1986 may, at the election of the taxpayer, be determined by substituting—

(1) such earned income for the taxpayer’s first taxable year beginning in 2019, for

(2) such earned income for the taxpayer’s first taxable year beginning in 2021.

(b) EARNED INCOME.—

(1) IN GENERAL.—For purposes of this section, the term “earned income” has the meaning given such term under section 32(c) of the Internal Revenue Code of 1986.

(2) APPLICATION TO JOINT RETURNS.—For purposes of subsection (a), in the case of a joint re-
turn, the earned income of the taxpayer for the first taxable year beginning in 2019 shall be the sum of the earned income of each spouse for such taxable year.

(c) Special Rules.—

(1) Errors treated as mathematical errors.—For purposes of section 6213 of the Internal Revenue Code of 1986, an incorrect use on a return of earned income pursuant to subsection (a) shall be treated as a mathematical or clerical error.

(2) No effect on determination of gross income, etc.—Except as otherwise provided in this subsection, the Internal Revenue Code of 1986 shall be applied without regard to any substitution under subsection (a).

(d) Treatment of Certain Possessions.—

(1) Payments to possessions with mirror code tax systems.—The Secretary of the Treasury shall pay to each possession of the United States which has a mirror code tax system amounts equal to the loss (if any) to that possession by reason of the application of the provisions of this section (other than this subsection) with respect to section 32 of the Internal Revenue Code of 1986. Such amounts shall be determined by the Secretary of the
Treasury based on information provided by the government of the respective possession.

(2) PAYMENTS TO OTHER POSSESSIONS.—The Secretary of the Treasury shall pay to each possession of the United States which does not have a mirror code tax system amounts estimated by the Secretary of the Treasury as being equal to the aggregate benefits (if any) that would have been provided to residents of such possession by reason of the provisions of this section (other than this subsection) with respect to section 32 of the Internal Revenue Code of 1986 if a mirror code tax system had been in effect in such possession. The preceding sentence shall not apply unless the respective possession has a plan, which has been approved by the Secretary of the Treasury, under which such possession will promptly distribute such payments to its residents.

(3) MIRROR CODE TAX SYSTEM.—For purposes of this section, the term “mirror code tax system” means, with respect to any possession of the United States, the income tax system of such possession if the income tax liability of the residents of such possession under such system is determined by reference to the income tax laws of the United States as if such possession were the United States.
(4) TREATMENT OF PAYMENTS.—For purposes of section 1324 of title 31, United States Code, the payments under this section shall be treated in the same manner as a refund due from a credit provision referred to in subsection (b)(2) of such section.

PART 4—DEPENDENT CARE ASSISTANCE

SEC. 9631. REFUNDABILITY AND ENHANCEMENT OF CHILD AND DEPENDENT CARE TAX CREDIT.

(a) In General.—Section 21 of the Internal Revenue Code of 1986 is amended by adding at the end the following new subsection:

“(g) SPECIAL RULES FOR 2021.—In the case of any taxable year beginning after December 31, 2020, and before January 1, 2022—

“(1) CREDIT MADE REFUNDABLE.—If the taxpayer (in the case of a joint return, either spouse) has a principal place of abode in the United States (determined as provided in section 32) for more than one-half of the taxable year, the credit allowed under subsection (a) shall be treated as a credit allowed under subpart C (and not allowed under this subpart).

“(2) INCREASE IN DOLLAR LIMIT ON AMOUNT CREDITABLE.—Subsection (c) shall be applied—
“(A) by substituting ‘$8,000’ for ‘$3,000’ in paragraph (1) thereof, and

“(B) by substituting ‘$16,000’ for ‘$6,000’ in paragraph (2) thereof.

“(3) INCREASE IN APPLICABLE PERCENTAGE.— Subsection (a)(2) shall be applied—

“(A) by substituting ‘50 percent’ for ‘35 percent’, and

“(B) by substituting ‘$125,000’ for ‘$15,000’.

“(4) APPLICATION OF PHASEOUT TO HIGH INCOME INDIVIDUALS.—

“(A) IN GENERAL.—Subsection (a)(2) shall be applied by substituting ‘the phaseout percentage’ for ‘20 percent’.

“(B) PHASEOUT PERCENTAGE.—The term ‘phaseout percentage’ means 20 percent reduced (but not below zero) by 1 percentage point for each $2,000 (or fraction thereof) by which the taxpayer’s adjusted gross income for the taxable year exceeds $400,000.”.

(b) APPLICATION OF CREDIT IN POSSESSIONS.—Section 21 of such Code, as amended by subsection (a), is amended by adding at the end the following new subsection:
“(h) APPLICATION OF CREDIT IN POSSESSIONS.—

“(1) PAYMENT TO POSSESSIONS WITH MIRROR CODE TAX SYSTEMS.—The Secretary shall pay to each possession of the United States with a mirror code tax system amounts equal to the loss (if any) to that possession by reason of the application of this section (determined without regard to this subsection) with respect to taxable years beginning in or with 2021. Such amounts shall be determined by the Secretary based on information provided by the government of the respective possession.

“(2) PAYMENTS TO OTHER POSSESSIONS.—The Secretary shall pay to each possession of the United States which does not have a mirror code tax system amounts estimated by the Secretary as being equal to the aggregate benefits that would have been provided to residents of such possession by reason of this section with respect to taxable years beginning in or with 2021 if a mirror code tax system had been in effect in such possession. The preceding sentence shall not apply unless the respective possession has a plan, which has been approved by the Secretary, under which such possession will promptly distribute such payments to its residents.
“(3) Coordination with credit allowed against United States income taxes.—In the case of any taxable year beginning in or with 2021, no credit shall be allowed under this section to any individual—

“(A) to whom a credit is allowable against taxes imposed by a possession with a mirror code tax system by reason of this section, or

“(B) who is eligible for a payment under a plan described in paragraph (2).

“(4) Mirror code tax system.—For purposes of this subsection, the term ‘mirror code tax system’ means, with respect to any possession of the United States, the income tax system of such possession if the income tax liability of the residents of such possession under such system is determined by reference to the income tax laws of the United States as if such possession were the United States.

“(5) Treatment of payments.—For purposes of section 1324 of title 31, United States Code, the payments under this subsection shall be treated in the same manner as a refund due from a credit provision referred to in subsection (b)(2) of such section.”.

(c) Conforming Amendments.—
(1) Section 6211(b)(4)(A) of such Code, as amended by the preceding provisions of this Act, is amended by inserting “21 by reason of subsection (g) thereof,” before “24”.

(2) Section 1324(b)(2) of title 31, United States Code (as amended by the preceding provisions of this title), is amended by inserting “21,” before “24”.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2020.

SEC. 9632. INCREASE IN EXCLUSION FOR EMPLOYER-PROVIDED DEPENDENT CARE ASSISTANCE.

(a) IN GENERAL.—Section 129(a)(2) of the Internal Revenue Code of 1986 is amended by adding at the end the following new subparagraph:

“(D) SPECIAL RULE FOR 2021.—In the case of any taxable year beginning after December 31, 2020, and before January 1, 2022, subparagraph (A) shall be applied be substituting ‘$10,500 (half such dollar amount)’ for ‘$5,000 ($2,500’.”.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2020.
(c) RETROACTIVE PLAN AMENDMENTS.—A plan that otherwise satisfies all applicable requirements of sections 125 and 129 of the Internal Revenue Code of 1986 (including any rules or regulations thereunder) shall not fail to be treated as a cafeteria plan or dependent care assistance program merely because such plan is amended pursuant to a provision under this section and such amendment is retroactive, if—

(1) such amendment is adopted no later than the last day of the plan year in which the amendment is effective, and

(2) the plan is operated consistent with the terms of such amendment during the period beginning on the effective date of the amendment and ending on the date the amendment is adopted.

PART 5—CREDITS FOR PAID SICK AND FAMILY LEAVE

SEC. 9641. EXTENSION OF CREDITS.

(a) IN GENERAL.—The following provisions of the Families First Coronavirus Response Act are each amended by striking “March 31, 2021” and inserting “September 30, 2021”:

(1) Section 7001(c)(2)(A).

(2) Section 7001(g).

(3) Section 7002(b)(2)(B)(i).
(4) Section 7002(e).
(5) Section 7003(e)(2)(A).
(6) Section 7003(g).
(7) Section 7004(b)(2)(B)(i).
(8) Section 7004(e).

(b) CONFORMING AMENDMENT.—Section 7005(a) of such Act is amended by striking “April 1, 2021” and inserting “October 1, 2021”.

SEC. 9642. INCREASE IN LIMITATIONS ON CREDITS FOR PAID FAMILY LEAVE.

(a) INCREASE IN OVERALL LIMITATION ON QUALIFIED FAMILY LEAVE WAGES.—

(1) IN GENERAL.—Section 7003(b)(1)(B) of the Families First Coronavirus Response Act is amended by striking “$10,000” and inserting “$12,000”.

(2) CONFORMING AMENDMENT.—Section 7004(d)(3) of such Act is amended by striking “$10,000” and inserting “$12,000”.

(b) INCREASE IN QUALIFIED FAMILY LEAVE EQUIVALENT AMOUNT FOR SELF-EMPLOYED INDIVIDUALS.—Section 7004(c)(1)(A) of such Act is amended by striking “50” and inserting “60”.

(c) COORDINATION WITH DEFINITION OF QUALIFIED FAMILY LEAVE WAGES.—Section 7003(c)(2)(A) of such
Act, as amended by the preceding provisions of this part, is amended to read as follows:

“(A) which would be so required to be paid if—

“(i) section 102(a)(1)(F) of the Family and Medical Leave Act of 1993 were applied by substituting ‘September 30, 2021’ for ‘December 31, 2020’, and

“(ii) section 110(b)(2)(B)(ii) of such Act were applied by substituting ‘$12,000’ for ‘$10,000’, and”.

SEC. 9643. EXPANSION OF LEAVE TO WHICH PAID FAMILY LEAVE CREDITS APPLIES.

(a) In General.—Section 7003(c)(2)(A) of the Families First Coronavirus Response Act, as amended by the preceding provisions of this part, is amended by striking “and” at the end of clause (i), by redesignating clause (ii) as clause (iii), and by inserting after clause (i) the following new clause:

“(ii) section 110(a)(2)(A) of such Act were applied by inserting ‘or any reason for leave described in section 5102(a) of the Families First Coronavirus Response Act’ after ‘public health emergency’, and’.”
(b) Application to Credit for Paid Family Leave for Self-Employed Individuals.—Section 7004(b)(2)(B) of such Act is amended by striking “and” at the end of clause (i), by redesignating clause (ii) as clause (iii), and by inserting after clause (i) the following new clause:

“(ii) section 110(a)(2)(A) of such Act were applied by inserting ‘or any reason for leave described in section 5102(a) of the Families First Coronavirus Response Act’ after ‘public health emergency’, and”.

SEC. 9644. PAID LEAVE CREDITS ALLOWED FOR LEAVE FOR COVID-VACCINATION.

(a) Paid Sick Leave Credit.—Section 7001(c)(2)(A) of the Families First Coronavirus Response Act is amended by striking “and” at the end of clause (i), by redesignating clause (ii) as clause (iii), and by inserting after clause (i) the following new clause:

“(ii) by inserting ‘or the employee is obtaining immunization related to COVID–19 or recovering from any injury, disability, illness, or condition related to such immunization’ after ‘medical diagnosis’ in section 5102(a)(3), and”.

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(b) **Paid Sick Leave Credit for Self-employed Individuals.**—Section 7002(b)(2)(B)(i) of such Act, as amended by the preceding provisions of this part, is amended to read as follows:

“(i) such Act were applied—

“(I) by substituting ‘September 30, 2021’ for ‘December 31, 2020’ in section 5109 thereof, and

“(II) by inserting ‘or the employee is obtaining immunization related to COVID–19 or recovering from any injury, disability, illness, or condition related to such immunization’ after ‘medical diagnosis’ in section 5102(a)(3), and’.

(c) **Paid Family Leave Credit.**—Section 7003(c)(2)(A)(ii) of such Act, as amended by the preceding provisions of this part, is amended by inserting “or to obtain immunization related to COVID–19 or to recover from any injury, disability, illness, or condition related to such immunization” after “section 5102(a) of the Families First Coronavirus Response Act”.

(d) **Paid Family Leave Credit for Self-employed Individuals.**—Section 7004(b)(2)(B)(ii) of such Act, as amended by the preceding provisions of this part,
is amended by inserting “or to obtain immunization related to COVID–19 or to recover from any injury, disability, illness, or condition related to such immunization” after “section 5102(a) of the Families First Coronavirus Response Act”.

SEC. 9645. APPLICATION OF NON-DISCRIMINATION RULES.

(a) Paid Sick Leave Credit.—Section 7001 of the Families First and Coronavirus Response Act is amended by adding at the end the following new subsection:

“(j) Non-discrimination Requirement.—No credit shall be allowed under this section to any employer for any calendar quarter if such employer, with respect to the availability of the provision of qualified sick leave wages to which this section otherwise applies for such calendar quarter, discriminates in favor of highly compensated employees (within the meaning of section 414(q) of the Internal Revenue Code of 1986), full-time employees, or employees on the basis of employment tenure with such employer.”.

(b) Paid Family Leave Credit.—Section 7003 of such Act is amended by adding at the end the following new subsection:

“(j) Non-discrimination Requirement.—No credit shall be allowed under this section to any employer for any calendar quarter if such employer, with respect
to the availability of the provision of qualified family leave wages to which this section otherwise applies for such calendar quarter, discriminates in favor of highly compensated employees (within the meaning of section 414(q) of the Internal Revenue Code of 1986), full-time employees, or employees on the basis of employment tenure with such employer.”.

SEC. 9646. RESET OF LIMITATION ON PAID SICK LEAVE.

(a) In General.—Section 7001(b)(2) of the Families First Coronavirus Response Act is amended to read as follows:

“(2) Overview limitation on number of days taken into account.—

“(A) Limitation applicable after the first quarter of 2021.—In the case of calendar quarters beginning after March 31, 2021, in any calendar year, the aggregate number of days taken into account under paragraph (1) shall not exceed the excess (if any) of—

“(i) 10, over

“(ii) the aggregate number of days so taken into account during preceding calendar quarters in such calendar year (other than the first quarter of calendar year 2021).
“(B) LIMITATION APPLICABLE BEFORE THE SECOND QUARTER OF 2021.—In the case of calendar quarters beginning before April 1, 2021, the aggregate number of days taken into account under paragraph (1) for any calendar quarter shall not exceed the excess (if any) of—

“(i) 10, over

“(ii) the aggregate number of days so taken into account for all preceding calendar quarters.”.

(b) COORDINATION WITH MANDATE PROVISIONS.—

Section 7001(c)(2)(A) of such Act, as amended by the preceding provisions of this part, is amended by striking “and” at the end of clause (ii), by redesignating clause (iii) as clause (iv), and by inserting after clause (ii) the following new clause:

“(iii) by applying section 5102(b)(1) of such Act separately with respect to the period before April 1, 2021, and to each calendar year after 2020 (and, in the case of calendar year 2021, without regard to the first quarter thereof), and”.

(e) APPLICATION TO SICK LEAVE CREDIT FOR THE SELF-EMPLOYED.—
(1) IN GENERAL.—Section 7002(c) of such Act is amended—

(A) by striking “(but not more than the applicable number of days)” in paragraph (1)(A) and inserting “(but not more than 10)”, and

(B) by striking paragraph (3) and redesignating paragraph (4) as paragraph (3).

(2) COORDINATION WITH MANDATE PROVISIONS.—Section 7002(b)(2)(B)(i) of such Act, as amended by the preceding provisions of this part, is amended by striking “and” at the end of subclause (I), by striking “and” at the end of subclause (II), and by adding at the end the following new subclauses:

“(III) by applying section 5102(b)(1) of such Act separately with respect to each taxable year, and

“(IV) without regard to section 5102(b)(3) thereof, and”.

SEC. 9647. CREDITS ALLOWED AGAINST EMPLOYER HOSPITAL INSURANCE TAX.

(a) IN GENERAL.—The following provisions of the Families First Coronavirus Response Act are each amend-
ed by striking “section 3111(a)” and inserting “section 3111(b)”:

(1) Section 7001(a).

(2) Section 7001(b)(3).

(3) The section 7001(e)(4) which relates to references to railroad retirement tax.

(4) Section 7001(i).

(5) Section 7003(a).

(6) Section 7003(b)(2).

(7) The section 7003(e)(4) which relates to references to railroad retirement tax.

(8) Section 7003(i).

(b) CONFORMING AMENDMENTS.—

(1) Section 7001(b)(3) of such Act is amended by striking “(reduced by any credits allowed under subsections (e) and (f) of section 3111 of such Code, and section 303(d) of the Taxpayer Certainty and Disaster Tax Relief Act of 2020, for such quarter)”.

(2) Section 7001 of such Act is amended by striking subsection (h).

(3) Section 7003(b)(2) of such Act is amended by striking “(reduced by any credits allowed under subsections (e) and (f) of section 3111 of such Code, section 7001 of this Act, and section 303(d) of the Taxpayer Certainty and Disaster Tax Relief Act of
2020, for such quarter)” and inserting “(reduced by any credits allowed under section 7001 of this Act)”.

(4) Section 7003 of such Act is amended by striking subsection (h).

(5) Section 7005(a) of such Act is amended by striking “section 3111(a)” both places it appears and inserting “section 3111(b)”.

(6) Section 7005 of such Act is amended by striking subsection (c).

SEC. 9648. APPLICATION OF CREDITS TO CERTAIN GOVERNMENTAL EMPLOYERS.

(a) CREDIT FOR PAID SICK LEAVE.—Section 7001(e) of the Families First Coronavirus Response Act is amended—

(1) by striking the paragraph (4) which relates to certain governmental employers, and

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

“(5) CERTAIN GOVERNMENTAL EMPLOYERS.—No credit shall be allowed under this section to the Government of the United States or to any agency or instrumentality thereof. The preceding sentence shall not apply to any organization described in section 501(c)(1) of the Internal Revenue Code of 1986
and exempt from tax under section 501(a) of such Code.”.

(b) CREDIT FOR PAID FAMILY LEAVE.—Section 7003(e) of such Act is amended—

(1) by striking the paragraph (4) which relates to certain governmental employers, and

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

“(5) CERTAIN GOVERNMENTAL EMPLOYERS.—No credit shall be allowed under this section to the Government of the United States or to any agency or instrumentality thereof. The preceding sentence shall not apply to any organization described in section 501(c)(1) of the Internal Revenue Code of 1986 and exempt from tax under section 501(a) of such Code.”.

SEC. 9649. GROSS UP OF CREDIT IN LIEU OF EXCLUSION FROM TAX.

(a) IN GENERAL.—Section 7005 of the Families First Coronavirus Response Act (as amended by the preceding provisions of this part) is amended—

(1) by amending subsection (a) to read as follows:

“(a) IN GENERAL.—The credit allowed by section 7001 and the credit allowed by section 7003 shall each
be increased by the amount of the taxes imposed by sub-
sections (a) and (b) of section 3111 and section 3221(a)
of the Internal Revenue Code of 1986 on qualified sick
leave wages, or qualified family leave wages, for which
credit is allowed under such section 7001 or 7003 (respec-
tively).”,

(2) by striking so much of subsection (b) as
precedes paragraph (2) thereof,

(3) by redesignating such paragraph (2) as sub-
section (b) and adjusting the indentation thereof ac-
cordingly, and

(4) by striking “paragraph (1)” in such sub-
section (b) (as so redesignated) and inserting “sub-
section (a)”.

(b) COORDINATION WITH DEFINITION OF QUALI-
FIED WAGES.—

(1) Section 7001(c) of such Act is amended—
(A) by striking “and section 7005(a) of
this Act,”, and

(B) by striking “and without regard to sec-
tion 7005(a) of this Act)”.

(2) Section 7003(c) of such Act is amended by
striking “wages (as defined” and all that follows
through “paid by an employer” and inserting
“wages (as defined in section 3121(a) of the Inter-
nal Revenue Code of 1986, determined without regard to paragraphs (1) through (22) of section 3121(b) of such Code) and compensation (as defined in section 3231(e) of the Internal Revenue Code, determined without regard to the sentence in paragraph (1) thereof which begins ‘Such term does not include remuneration’) paid by an employer’.

SEC. 9650. EFFECTIVE DATE.

(a) IN GENERAL.—Except as otherwise provided in this section, the amendments made by this part shall apply to amounts paid with respect to calendar quarters beginning after March 31, 2021.

(b) APPLICATION TO SELF-EMPLOYMENT TAX CREDITS.—The amendments made by this part to any provision of section 7002 or 7004 of the Families First Coronavirus Response Act shall apply to taxable years beginning after December 31, 2020.

PART 6—EMPLOYEE RETENTION CREDIT

SEC. 9651. EXTENSION OF EMPLOYEE RETENTION CREDIT.

(a) IN GENERAL.—Section 2301(m) of the CARES Act is amended by striking “July 1, 2021” and inserting “January 1, 2022”.

(b) CREDIT ALLOWED AGAINST EMPLOYER HOSPITAL INSURANCE TAX.—
(1) IN GENERAL.—Subparagraphs (A) and (B) of section 2301(e)(1) of such Act are each amended by striking “section 3111(a)” and inserting “section 3111(b)”.

(2) CONFORMING AMENDMENTS.—Section 2301(b)(2) of such Act is amended—

(A) by striking “subsections (e) and (f) of section 3111 of the Internal Revenue Code of 1986,”, and

(B) by striking “, and section 303(d) of the Taxpayer Certainty and Disaster Tax Relief Act of 2020”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to calendar quarters beginning after June 30, 2021.

PART 7—PREMIUM TAX CREDIT

SEC. 9661. IMPROVING AFFORDABILITY BY EXPANDING PREMIUM ASSISTANCE FOR CONSUMERS.

(a) IN GENERAL.—Section 36B(b)(3)(A) of the Internal Revenue Code of 1986 is amended by adding at the end the following new clause:

“(iii) TEMPORARY PERCENTAGES FOR 2021 AND 2022.—In the case of a taxable year beginning in 2021 or 2022—
“(I) clause (ii) shall not apply for purposes of adjusting premium percentages under this subparagraph, and

“(II) the following table shall be applied in lieu of the table contained in clause (i):

<table>
<thead>
<tr>
<th>Income Tier</th>
<th>Initial Premium Percentage</th>
<th>Final Premium Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to 150.0 percent</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>150.0 percent up to 200.0 percent</td>
<td>0.0</td>
<td>2.0</td>
</tr>
<tr>
<td>200.0 percent up to 250.0 percent</td>
<td>2.0</td>
<td>4.0</td>
</tr>
<tr>
<td>250.0 percent up to 300.0 percent</td>
<td>4.0</td>
<td>6.0</td>
</tr>
<tr>
<td>300.0 percent up to 400.0 percent</td>
<td>6.0</td>
<td>8.5</td>
</tr>
<tr>
<td>400.0 percent and higher</td>
<td>8.5</td>
<td>8.5</td>
</tr>
</tbody>
</table>

(b) CONFORMING AMENDMENT.—Section 36B(c)(1) of the Internal Revenue Code of 1986 is amended by adding at the end the following new subparagraph:

“(E) TEMPORARY RULE FOR 2021 AND 2022.—In the case of a taxable year beginning in 2021 or 2022, subparagraph (A) shall be applied without regard to ‘but does not exceed 400 percent’.”.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2020.
SEC. 9662. TEMPORARY MODIFICATION OF LIMITATIONS ON RECONCILIATION OF TAX CREDITS FOR COVERAGE UNDER A QUALIFIED HEALTH PLAN WITH ADVANCE PAYMENTS OF SUCH CREDIT.

(a) IN GENERAL.—Section 36B(f)(2)(B) of the Internal Revenue Code of 1986 is amended by adding at the end the following new clause:

“(iii) TEMPORARY MODIFICATION OF LIMITATION ON INCREASE.—In the case of any taxable year beginning in 2020, for any taxpayer who files for such taxable year an income tax return reconciling any advance payment of the credit under this section, the Secretary shall treat subparagraph (A) as not applying.”.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2019.

SEC. 9663. APPLICATION OF PREMIUM TAX CREDIT IN CASE OF INDIVIDUALS RECEIVING UNEMPLOYMENT COMPENSATION DURING 2021.

(a) IN GENERAL.—Section 36B of the Internal Revenue Code of 1986 is amended by redesignating subsection (g) as subsection (h) and by inserting after subsection (f) the following new subsection:
“(g) Special Rule for Individuals Who Receive Unemployment Compensation During 2021.—

“(1) In General.—For purposes of this section, in the case of a taxpayer who has received, or has been approved to receive, unemployment compensation for any week beginning during 2021, for the taxable year in which such week begins—

“(A) such taxpayer shall be treated as an applicable taxpayer, and

“(B) there shall not be taken into account any household income of the taxpayer in excess of 133 percent of the poverty line for a family of the size involved.

“(2) Unemployment Compensation.—For purposes of this subsection, the term ‘unemployment compensation’ has the meaning given such term in section 85(b).

“(3) Evidence of Unemployment Compensation.—For purposes of this subsection, a taxpayer shall not be treated as having received (or been approved to receive) unemployment compensation for any week unless such taxpayer provides self-attestation of, and such documentation as the Secretary shall prescribe which demonstrates, such receipt or approval.
“(4) Clarification of rules remaining applicable.—

“(A) Joint return requirement.—Paragraph (1)(A) shall not affect the application of subsection (c)(1)(C).

“(B) Household income and affordability.—Paragraph (1)(B) shall not apply to any determination of household income for purposes of paragraph (2)(C)(i)(II) or (4)(C)(ii) of subsection (e)”.

(b) Effective date.—The amendments made by this section shall apply to taxable years beginning after December 31, 2020.

PART 8—MISCELLANEOUS PROVISIONS

SEC. 9671. REPEAL OF ELECTION TO ALLOCATE INTEREST, ETC. ON WORLDWIDE BASIS.

(a) In general.—Section 864 of the Internal Revenue Code of 1986 is amended by striking subsection (f).

(b) Effective date.—The amendment made by this section shall apply to taxable years beginning after December 31, 2020.

SEC. 9672. TAX TREATMENT OF TARGETED EIDL ADVANCES.

For purposes of the Internal Revenue Code of 1986—
(1) amounts received from the Administrator of the Small Business Administration in the form of a Targeted EIDL Advance shall not be included in the gross income of the person that receives such amounts,

(2) no deduction shall be denied, no tax attribute shall be reduced, and no basis increase shall be denied, by reason of the exclusion from gross income provided by paragraph (1), and

(3) in the case of a partnership or S corporation that receives such amounts—

(A) any amount excluded from income by reason of paragraph (1) shall be treated as tax exempt income for purposes of sections 705 and 1366 of the Internal Revenue Code of 1986, and

(B) the Secretary of the Treasury (or the Secretary’s delegate) shall prescribe rules for determining a partner’s distributive share of any amount described in subparagraph (A) for purposes of section 705 of the Internal Revenue Code of 1986.
SEC. 9673. TAX TREATMENT OF RESTAURANT REVITALIZATION GRANTS.

For purposes of the Internal Revenue Code of 1986—

(1) amounts received from the Administrator of the Small Business Administration in the form of a Restaurant Revitalization Grant shall not be included in the gross income of the person that receives such amounts,

(2) no deduction shall be denied, no tax attribute shall be reduced, and no basis increase shall be denied, by reason of the exclusion from gross income provided by paragraph (1), and

(3) in the case of a partnership or S corporation that receives such amounts—

(A) except as otherwise provided by the Secretary of the Treasury (or the Secretary’s delegate), any amount excluded from income by reason of paragraph (1) shall be treated as tax exempt income for purposes of sections 705 and 1366 of the Internal Revenue Code of 1986, and

(B) the Secretary of the Treasury (or the Secretary’s delegate) shall prescribe rules for determining a partner’s distributive share of any amount described in subparagraph (A) for
purposes of section 705 of the Internal Revenue