

119TH CONGRESS
1ST SESSION

H. R. 6634

To amend the Internal Revenue Code of 1986 to establish a refundable childhood education tax credit with monthly advance payments.

IN THE HOUSE OF REPRESENTATIVES

DECEMBER 11, 2025

Mr. FIELDS introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to establish a refundable childhood education tax credit with monthly advance payments.

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. ESTABLISHMENT OF REFUNDABLE CHILD-**
4 **HOOD EDUCATION TAX CREDIT WITH MONTH-**
5 **LY ADVANCE PAYMENTS.**

6 (a) IN GENERAL.—Subpart A of part IV of sub-
7 chapter A of chapter 1 of the Internal Revenue Code of
8 1986 is amended by inserting after section 24 the fol-
9 lowing new section:

1 **“SEC. 24A. MONTHLY CHILDHOOD EDUCATION TAX CREDIT.**

2 “(a) ALLOWANCE OF CREDIT.—There shall be al-
3 lowed as a credit against the tax imposed by this chapter
4 for the taxable year the sum of the monthly childhood edu-
5 cation allowances determined with respect to the taxpayer
6 under subsection (b) for each calendar month during such
7 taxable year.

8 “(b) MONTHLY CHILDHOOD EDUCATION ALLOW-
9 ANCE.—

10 “(1) IN GENERAL.—For purposes of this sec-
11 tion, the term ‘monthly childhood education allow-
12 ance’ means, with respect to any taxpayer for any
13 calendar month, an amount equal to \$667 for each
14 specified child of such taxpayer.

15 “(2) LIMITATION BASED ON HOUSEHOLD IN-
16 COME.—

17 “(A) IN GENERAL.—The dollar amount
18 under paragraph (1) with respect to any tax-
19 payer for any calendar month shall be reduced
20 (but not below zero) by an amount which bears
21 the same ratio to such dollar amount (deter-
22 mined without regard to this paragraph) as—

23 “(i) the excess (if any) of—

24 “(I) the taxpayer’s household in-
25 come for the taxable year which in-
26 cludes such month, over

1 “(II) an amount equal to 300
2 percent of the poverty line for a fam-
3 ily of the size involved for such tax-
4 able year, bears to

5 “(ii) an amount equal to 100 percent
6 of the poverty line for a family of the size
7 involved for such taxable year.

8 “(B) DEFINITIONS RELATED TO LIMITA-
9 TION BASED ON HOUSEHOLD INCOME.—For
10 purposes of this paragraph—

11 “(i) HOUSEHOLD INCOME.—The term
12 ‘household income’ means, with respect to
13 any taxpayer for any taxable year, an
14 amount equal to the sum of—

15 “(I) the modified adjusted gross
16 income of the taxpayer for such tax-
17 able year, plus

18 “(II) the aggregate modified ad-
19 justed gross incomes of all other indi-
20 viduals for such taxable year who—

21 “(aa) were taken into ac-
22 count in determining the tax-
23 payer’s family size under clause
24 (iii) for such taxable year, and

1 “(bb) were required to file a
2 return of tax imposed by section
3 1 for such taxable year.

4 “(ii) MODIFIED ADJUSTED GROSS IN-
5 COME.—The term ‘modified adjusted gross
6 income’ means adjusted gross income in-
7 creased by any amount excluded from
8 gross income under section 911, 931, or
9 933.

10 “(iii) FAMILY SIZE.—The family size
11 involved with respect to any taxpayer for
12 any taxable year shall be equal to the num-
13 ber of individuals for whom the taxpayer is
14 allowed a deduction under section 151 for
15 such taxable year.

16 “(iv) POVERTY LINE.—The term ‘pov-
17 erty line’ has the meaning given such term
18 in section 2110(c)(5) of the Social Security
19 Act.

20 “(3) INFLATION ADJUSTMENT.—In the case of
21 any month beginning after December 31, 2025, the
22 \$667 amount under paragraph (1) shall be increased
23 by an amount equal to—

24 “(A) such dollar amount, multiplied by

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

1 “(i) the CPI (as defined in section
2 1(f)(4)) for the calendar year preceding
3 the calendar year in which such month be-
4 gins, exceeds

5 “(ii) the CPI (as so defined) for cal-
6 endar year 2024.

7 “(c) SPECIFIED CHILD.—For purposes of this sec-
8 tion—

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

12 “(A) who has the same principal place of
13 abode as the taxpayer for more than one-half of
14 such month,

15 “(B) who, as of the beginning of such
16 month, will have attained age 2 and will not
17 have attained age 5,

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

20 “(D) who is enrolled in an early childhood
21 education program during such month, and

22 “(E) who either—

23 “(i) is a citizen, national, or resident
24 of the United States, or

1 “(ii) if the taxpayer is a citizen or na-
2 tional of the United States, is a legally
3 adopted individual of such taxpayer or is
4 lawfully placed with such taxpayer for legal
5 adoption by such taxpayer.

6 “(2) EARLY CHILDHOOD EDUCATION PRO-
7 GRAM.—The term ‘early childhood education pro-
8 gram’ has the meaning given such term in section
9 103 of the Higher Education Act of 1965, except
10 that such term includes any private prekindergarten
11 program licensed or regulated by a State.

12 “(3) CARE FROM THE TAXPAYER.—

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

20 “(i) The supervision provided by the
21 taxpayer regarding the daily activities and
22 needs of the individual.

23 “(ii) The maintenance by the taxpayer
24 of a secure environment at which the indi-
25 vidual resides.

1 “(iii) The provision or arrangement by
2 the taxpayer of, and transportation by the
3 taxpayer to, medical care at regular inter-
4 vals and as required for the individual.

5 “(iv) The involvement by the taxpayer
6 in, and financial and other support by the
7 taxpayer for, educational or similar activi-
8 ties of the individual.

9 “(v) Any other factor that the Sec-
10 retary determines to be appropriate to de-
11 termine whether the individual receives
12 care from the taxpayer.

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

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

22 “(A) IN GENERAL.—Except as provided in
23 subparagraph (D), if any individual would (but
24 for this paragraph) be a specified child of 2 or
25 more taxpayers for any month, such individual

1 shall be treated as the specified child only of
2 the taxpayer who is—

3 “(i) the parent of the individual (or, if
4 such individual would (but for this para-
5 graph) be a specified child of 2 or more
6 parents of the individual for such month,
7 the parent of the individual determined
8 under subparagraph (B)),

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

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

23 “(B) TIE-BREAKER AMONG PARENTS.—If
24 any individual would (but for this paragraph)
25 be the specified child of 2 or more parents of

1 the individual for any month, such child shall
2 be treated only as the specified child of—

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

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

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

14 “(i) an ancestor of a parent of the
15 specified child,

16 “(ii) a brother or sister of a parent of
17 the specified child, or

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

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

1 “(i) such parent or specified relative
2 elects to have such individual not be treat-
3 ed as a specified child of such parent or
4 specified relative for such month,

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

20 “(iii) in the case of a specified relative
21 of such individual, the adjusted gross in-
22 come of the taxpayer (with respect to
23 whom such individual would be treated as
24 a specified child after application of this
25 subparagraph) for the taxable year which

1 includes such month is higher than the
2 highest adjusted gross income of any par-
3 ent and any specified relative of the indi-
4 vidual for any taxable year which includes
5 such month (determined without regard to
6 any parent and any specified relative with
7 respect to whom such individual is not a
8 specified child, determined without regard
9 to subparagraphs (A) and (B) and after
10 application of this subparagraph).

11 “(E) TREATMENT OF JOINT RETURNS.—
12 For purposes of this paragraph, with respect to
13 any month, the adjusted gross income of each
14 person who files a joint return for the taxable
15 year which includes such month is the total ad-
16 justed gross income shown on the joint return
17 for the taxable year.

18 “(F) PARENT.—Except as otherwise pro-
19 vided by the Secretary, the term ‘parent’ shall
20 have the same meaning as when used in section
21 152(c)(4).

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

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

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

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

10 “(iii) not be treated as a day at any
11 other location.

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

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

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

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

1 “(7) ELIGIBILITY DETERMINED ON BASIS OF
2 PRESUMPTIVE ELIGIBILITY.—

3 “(A) IN GENERAL.—If a period of pre-
4 sumptive eligibility is established under section
5 7527B(c) with respect to any taxpayer and
6 child—

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

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

16 “(B) ABILITY OF CREDIT CLAIMANTS TO
17 ESTABLISH PRESUMPTIVE ELIGIBILITY.—Noth-
18 ing in section 7527B(c) shall be interpreted to
19 preclude a taxpayer from establishing a period
20 of presumptive eligibility (including any period
21 described in subparagraph (D) with respect to
22 which payment could be made) with respect to
23 any specified child for purposes of this section
24 solely because such taxpayer affirmatively elects

1 not to receive monthly advance childhood edu-
2 cation payments under section 7527B.

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

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

24 “(E) FRAUD AND INTENTIONAL DIS-
25 REGARD OF RULES OR REGULATIONS.—If the

1 Secretary determines that the taxpayer com-
2 mitted fraud or intentionally disregarded rules
3 or regulations in establishing or maintaining
4 any period of presumptive eligibility, the
5 months with respect to which such fraud or in-
6 tentional disregard relates shall not be treated
7 as a period of presumptive eligibility for pur-
8 poses of subparagraph (A).

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

18 “(e) IDENTIFICATION REQUIREMENTS.—

19 “(1) SPECIFIED CHILD IDENTIFICATION RE-
20 QUIREMENT.—No credit shall be allowed under this
21 section to a taxpayer with respect to any specified
22 child unless the taxpayer includes the name and tax-
23 payer identification number of such specified child
24 on the return of tax for the taxable year and such

1 taxpayer identification number was issued on or be-
2 fore the due date for filing such return.

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

8 “(f) RESTRICTIONS ON TAXPAYERS WHO IMPROP-
9 ERLY CLAIMED CREDIT OR IMPROPERLY RECEIVED
10 MONTHLY ADVANCE CHILDHOOD EDUCATION PAY-
11 MENTS.—

12 “(1) TAXPAYERS MAKING PRIOR FRAUDULENT
13 OR RECKLESS CLAIMS.—

14 “(A) IN GENERAL.—No credit shall be al-
15 lowed under this section for any taxable year
16 (and no payment shall be made under section
17 7527B for any month) in the disallowance pe-
18 riod.

19 “(B) DISALLOWANCE PERIOD.—For pur-
20 poses of subparagraph (A), the disallowance pe-
21 riod is—

22 “(i) the period of 120 calendar
23 months after the most recent calendar
24 month for which there was a final deter-
25 mination that the taxpayer’s claim of cred-

1 it under this section (or payment received
2 under section 7527B) was due to fraud,
3 and

4 “(ii) the period of 24 calendar months
5 after the most recent calendar month for
6 which there was a final determination that
7 the taxpayer’s claim of credit under this
8 section (or payment received under section
9 7527B) was due to reckless or intentional
10 disregard of rules and regulations (but not
11 due to fraud).

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

22 “(3) COORDINATION WITH POSSESSIONS OF
23 THE UNITED STATES.—For purposes of this sub-
24 section, a taxpayer’s claim of credit under this sec-
25 tion (or payment received under section 7527B) in-

1 includes a claim of credit under this section of the in-
2 come tax law of any jurisdiction other than the
3 United States (or similar payment received under
4 section 7527B of such income tax law), and a claim
5 made or a payment received from American Samoa
6 pursuant to a plan described in subsection
7 (h)(3)(B).

8 “(g) RECONCILIATION OF CREDIT AND MONTHLY
9 ADVANCE CHILDHOOD EDUCATION PAYMENTS.—

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

19 “(2) INCREASE IN TAX EQUAL TO EXCESS AD-
20 VANCE PAYMENTS IN CERTAIN CIRCUMSTANCES.—If
21 the aggregate amount of payments made to the tax-
22 payer under section 7527B for one or more calendar
23 months in such taxable year exceeds the amount al-
24 lowed as a credit under subpart C by reason of this
25 section with respect to such taxpayer for such tax-

1 able year (without regard to paragraph (1) of this
2 subsection), the tax imposed by this chapter for such
3 taxable year shall be increased by so much of such
4 excess as is attributable to one or more of the fol-
5 lowing:

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

9 “(B) Changes in the taxpayer’s household
10 income that affect the application of the limita-
11 tion imposed by subsection (b)(2).

12 “(C) Payments under section 7527B 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 paragraph (1) or (2) of subsection (e), except
22 that a failure to satisfy the requirements of
23 subsection (e)(1) shall not be taken into ac-
24 count under this paragraph if the taxpayer
25 demonstrates to the satisfaction of the Sec-

1 retary that it is reasonable to expect that the
2 specified 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 paragraph
8 to facilitate the administration and enforcement
9 by the Secretary of section 7527B, to minimize
10 the amount of advance payments made under
11 section 7527B to ineligible individuals, and to
12 prevent abuse.

13 “(H) Payments subject to treatment as ex-
14 cess advance payments after notice under sec-
15 tion 7527B(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 7527B 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 7527B include
25 payments made by any jurisdiction other than the

1 United States under section 7527B 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 7527B(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 and section 7527B in the case of any
6 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 7527B 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 7527B for such month.”.

17 (b) **ADVANCE PAYMENT OF MONTHLY CHILDHOOD**
18 **EDUCATION TAX CREDIT.**—Chapter 77 of such Code is
19 amended by inserting after section 7527A the following
20 new section:

21 **“SEC. 7527B. ADVANCE PAYMENT OF MONTHLY CHILDHOOD**
22 **EDUCATION TAX CREDIT.**

23 “(a) **IN GENERAL.**—The Secretary shall pay to each
24 taxpayer, during each calendar month which is during a
25 period of presumptive eligibility with respect to the tax-

1 payer and any child, an amount equal to the monthly ad-
2 vance childhood education payment determined with re-
3 spect to such taxpayer for such month.

4 “(b) MONTHLY ADVANCE CHILDHOOD EDUCATION
5 PAYMENT.—The term ‘monthly advance childhood edu-
6 cation payment’ means, with respect to any taxpayer for
7 any calendar month, the amount (if any) which is esti-
8 mated by the Secretary as being equal to the monthly
9 childhood education allowance which would be determined
10 under section 24A(b) with respect to such taxpayer for
11 such calendar month if—

12 “(1) the only specified children of such taxpayer
13 for such calendar month are the specified children of
14 such taxpayer for the reference month (determined
15 without regard to section 24A(c)(7)),

16 “(2) the ages of such children (and the status
17 of such children as specified children) are deter-
18 mined for such calendar month by taking into ac-
19 count the passage of time since such reference
20 month,

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

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

5 “(5) no monthly childhood education allowance
6 was determined with respect to such taxpayer for
7 such calendar month unless the taxpayer (in the
8 case of a joint return, either spouse) has a principal
9 place of abode (determined as provided in section
10 32) in the United States or Puerto Rico for more
11 than one-half of the reference month.

12 “(c) PERIOD OF PRESUMPTIVE ELIGIBILITY.—

13 “(1) IN GENERAL.—For purposes of this sec-
14 tion, the term ‘period of presumptive eligibility’
15 means, with respect to any taxpayer and any child,
16 the period—

17 “(A) beginning with the calendar month
18 following the calendar month during which the
19 taxpayer provides the Secretary with sufficient
20 information for the Secretary to—

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

1 “(ii) estimate the monthly advance
2 childhood education payment for such cal-
3 endar month, and

4 “(B) ending with the earliest of—

5 “(i) the month beginning immediately
6 after the month on which the Secretary
7 sends the taxpayer a written notice that
8 the taxpayer’s period of presumptive eligi-
9 bility with respect to such child is being
10 terminated by reason of information known
11 to the Secretary (including a failure to pro-
12 vide annual information under paragraph
13 (2)) which casts doubt on such taxpayer’s
14 status as being allowed the monthly child-
15 hood education allowance under section
16 24A for such child (determined without re-
17 gard to section 24A(c)(7)) with respect to
18 one or more months following the reference
19 month,

20 “(ii) any month with respect to which
21 the taxpayer notifies the Secretary that
22 such taxpayer is not allowed a monthly
23 childhood education allowance for such
24 month under section 24A(b) (determined
25 without regard to section 24A(c)(7)), and

1 “(iii) the month beginning imme-
2 diately before the first month of a new pe-
3 riod of presumptive eligibility with respect
4 to such taxpayer and such child which is
5 established on the basis of a reference
6 month more recent than the reference
7 month with respect to which such prior pe-
8 riod was established (including on the basis
9 of an annual renewal described in para-
10 graph (2)).

11 “(2) ANNUAL RENEWAL.—The Secretary shall
12 terminate a taxpayer’s period of presumptive eligi-
13 bility with respect to any child under paragraph
14 (1)(B)(i) unless such taxpayer provides information
15 sufficient to establish a new period of presumptive
16 eligibility with respect to such child (as described in
17 paragraph (1)(B)(ii)) on an annual basis.

18 “(3) PRESUMPTIVE ELIGIBILITY BASED ON
19 CERTAIN GOVERNMENT PROGRAMS.—The Secretary
20 shall issue regulations or other guidance to establish
21 procedures under which—

22 “(A) based on information provided to the
23 Secretary by one or more government entities,
24 a parent or specified relative of a child is treat-
25 ed as automatically establishing a period of pre-

1 sumptive eligibility with respect to such child,
2 and

3 “(B) the month for which such period be-
4 gins, the month by which the first annual re-
5 newal described in paragraph (2) must be com-
6 pleted, and any additional circumstances under
7 which such period will terminate, are deter-
8 mined.

9 “(4) TAXPAYER RESPONSIBILITY TO NOTIFY
10 SECRETARY.—In the event that any taxpayer is not
11 allowed a monthly childhood education allowance
12 under section 24A(b) (determined without regard to
13 section 24A(c)(7)) for any month in a period of pre-
14 sumptive eligibility with respect to such taxpayer,
15 such taxpayer shall notify the Secretary under para-
16 graph (1)(B)(ii) at such time and in such manner as
17 the Secretary may provide.

18 “(5) TRANSITION RULE.—With respect to peri-
19 ods of presumptive eligibility beginning during the
20 first 6 months to which this section applies, the Sec-
21 retary shall issue regulations or other guidance to
22 establish procedures pursuant to which—

23 “(A) based on information known to the
24 Secretary, including returns of tax for either of
25 the last 2 taxable years ending before such

1 month, a parent or specified relative of a child
2 is treated as automatically establishing a period
3 of presumptive eligibility with respect to such
4 child, and

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

11 “(d) DETERMINATION OF REFERENCE MONTH AND
12 REFERENCE TAXABLE YEAR.—For purposes of this sec-
13 tion—

14 “(1) REFERENCE MONTH.—The term ‘reference
15 month’ means, with respect to any calendar month
16 in a period of presumptive eligibility with respect to
17 a taxpayer, the most recent of—

18 “(A) in the case of a taxpayer who filed a
19 return of tax for the last taxable year ending
20 before such calendar month, the last month of
21 such taxable year,

22 “(B) in the case of a taxpayer who filed a
23 return of tax for the taxable year preceding the
24 taxable year described in subparagraph (A), the
25 last month of such preceding taxable year, and

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

5 “(2) REFERENCE TAXABLE YEAR.—The term
6 ‘reference taxable year’ means, with respect to any
7 calendar month in a period of presumptive eligibility
8 with respect to a taxpayer—

9 “(A) if the reference month with respect to
10 such calendar month is determined under sub-
11 paragraph (A) or (B) of paragraph (1), the tax-
12 able year referred to in such subparagraph, re-
13 spectively, and

14 “(B) if the reference month with respect to
15 such calendar month is determined under para-
16 graph (1)(C), the last taxable year ending be-
17 fore such reference month.

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

20 “(1) IN GENERAL.—The Secretary shall ensure
21 the information described in subsection (c)(1)(A)
22 may be provided on the return of tax for the taxable
23 year ending before the calendar year which includes
24 the month for which such period would begin,
25 through the on-line portal described in paragraph

1 (2), or in such other manner as the Secretary may
2 provide.

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

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

9 “(B) provide the information described in
10 subsection (c)(1)(A).

11 “(f) RESOLUTION OF COMPETING CLAIMS OF PRE-
12 SUMPTIVE ELIGIBILITY WITH RESPECT TO SAME
13 CHILD.—

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

23 “(A) such challenge claim shall not be
24 taken into account under this section unless the
25 reference month with respect to which the chal-

1 lenge claim would be established is at least as
2 recent as the reference month with respect to
3 which the original claim is established,

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

6 “(C) the Secretary shall establish proce-
7 dures under which the Secretary expeditiously
8 adjudicates such claims on the basis of the
9 most recent feasible reference month.

10 “(2) PROVISIONS RELATED TO ADJUDICA-
11 TION.—

12 “(A) CHALLENGE CLAIM MUST RELATE TO
13 AT LEAST 3 MONTHS PROSPECTIVELY.—The
14 procedures established under paragraph (1)(C)
15 shall require that the taxpayer establishing the
16 challenge claim express a reasonable expectation
17 and intent that such taxpayer would be allowed
18 a monthly childhood education allowance under
19 section 24A(b) (determined without regard to
20 section 24A(e)(7)) for at least the first 2
21 months following the reference month referred
22 to in paragraph (1)(C).

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

1 “(i) an expedited process for tax-
2 payers who meet such requirements as the
3 Secretary may establish for such expedited
4 process, and

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

7 “(C) INFORMATION RECEIPT AND COORDI-
8 NATION.—For purposes of obtaining informa-
9 tion relevant to any adjudication under this
10 paragraph, the Secretary may enter into agree-
11 ments to receive information from, and other-
12 wise coordinate with—

13 “(i) Federal agencies (including the
14 Social Security Administration),

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

18 “(iii) any other individual or entity
19 that the Secretary determines to be appro-
20 priate for such purposes.

21 “(D) ADJUDICATION NOT TREATED AS AS-
22 SESSMENT.—Any adjudication under this para-
23 graph shall not be treated as an assessment de-
24 scribed in section 6201.

1 “(E) ADJUDICATION NOT TREATED AS IN-
2 SPECTION OF TAXPAYER’S BOOKS OF AC-
3 COUNT.—The inspection of a taxpayer’s books
4 of account in connection with any adjudication
5 under this paragraph shall not be treated as an
6 examination or inspection of a taxpayer’s books
7 of account for purposes of section 7605(b).

8 “(3) RETROACTIVE PAYMENTS RELATED TO AD-
9 JUDICATION.—

10 “(A) DELAY IN ESTABLISHMENT OF CHAL-
11 LENGE CLAIM.—If the challenge claim is estab-
12 lished pursuant to the procedures established
13 under paragraph (1)(C), the Secretary shall
14 make a one-time payment to the taxpayer with
15 respect to such claim equal to the aggregate
16 amount of increases in the monthly advance
17 childhood education payments which would have
18 been made to such taxpayer if such challenge
19 claim had been allowed to take effect without
20 regard to this subsection. Any payment under
21 this subparagraph shall be in addition to any
22 payment made under subsection (g).

23 “(B) TERMINATION AND REINSTATEMENT
24 OF ORIGINAL CLAIM.—If, pursuant to the pro-
25 cedures established under paragraph (1)(C), the

1 original claim is terminated under subsection
2 (c)(1)(B)(i) and a new period of presumptive
3 eligibility is subsequently established pursuant
4 to such procedures with respect to the same
5 taxpayer and child as for such original claim,
6 the Secretary shall make a one-time payment to
7 the taxpayer with respect to such claim equal to
8 the aggregate amount of increases in the
9 monthly advance childhood education payments
10 which would have been made to such taxpayer
11 if such original claim had never been termi-
12 nated.

13 “(g) RULES RELATED TO GRACE PERIODS AND
14 HARDSHIPS.—

15 “(1) AUTOMATIC GRACE PERIOD.—

16 “(A) IN GENERAL.—If a taxpayer estab-
17 lishes a period of presumptive eligibility with re-
18 spect to any child, elects the application of this
19 paragraph, and demonstrates to the satisfaction
20 of the Secretary that such taxpayer would be al-
21 lowed a monthly childhood education allowance
22 under section 24A(b) (determined without re-
23 gard to section 24A(c)(7)) for one or more of
24 the 3 months immediately preceding the first
25 month of such period, the Secretary shall make

1 a one-time payment to the taxpayer equal to the
2 aggregate amount of increases in the monthly
3 advance childhood education payments which
4 would have been made to such taxpayer if such
5 months were part of such period. The preceding
6 sentence shall not apply to the extent that the
7 Secretary determines that the failure to estab-
8 lish the period of presumptive eligibility with re-
9 spect to such child for any such month was due
10 to fraud or reckless or intentional disregard of
11 rules and regulations.

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

15 “(2) HARDSHIP.—If a taxpayer establishes a
16 period of presumptive eligibility with respect to any
17 child, elects the application of this paragraph (and
18 does not elect the application of paragraph (1) with
19 respect to the establishment of such period), dem-
20 onstrates to the satisfaction of the Secretary that
21 such taxpayer would be allowed a monthly childhood
22 education allowance under section 24A(b) (deter-
23 mined without regard to section 24A(e)(7)) for one
24 or more of the 6 months immediately preceding the
25 first month of such period, and the Secretary deter-

1 mines that the failure to establish the period of pre-
2 sumptive eligibility with respect to such child for
3 such months was due to domestic violence, serious
4 illness, natural disaster, or any other hardship, the
5 Secretary shall make a one-time payment to the tax-
6 payer equal to the aggregate amount of increases in
7 the monthly advance childhood education payments
8 which would have been made to such taxpayer if
9 such months were part of such period.

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

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

20 “(1) APPLICATION OF ELECTRONIC FUNDS PAY-
21 MENT REQUIREMENT.—The payments made by the
22 Secretary under subsection (a) shall be made by
23 electronic funds transfer to the same extent and in
24 the same manner as if such payments were Federal
25 payments not made under this title.

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

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

10 “(B) any account belonging to a payee
11 from which that individual, on or after January
12 1, 2025, made a payment of taxes under this
13 title, or

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

17 “(3) WAIVER OF CERTAIN RULES.—Notwith-
18 standing section 3325 of title 31, United States
19 Code, or any other provision of law, with respect to
20 any payment of a refund under this section, a dis-
21 bursing official in the executive branch of the United
22 States Government may modify payment information
23 received from an officer or employee described in
24 section 3325(a)(1)(B) of such title for the purpose
25 of facilitating the accurate and efficient delivery of

1 such payment. Except in cases of fraud or reckless
2 neglect, no liability under section 3325, 3527, 3528,
3 or 3529 of title 31, United States Code, shall be im-
4 posed with respect to payments made under this
5 paragraph.

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

9 “(A) subject to reduction or offset pursu-
10 ant to section 3716 or 3720A of title 31,
11 United States Code,

12 “(B) subject to reduction or offset pursu-
13 ant to subsection (c), (d), (e), or (f) of section
14 6402, or

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

18 “(5) ASSIGNMENT OF BENEFITS.—

19 “(A) IN GENERAL.—The right of any per-
20 son to any applicable payment shall not be
21 transferable or assignable, at law or in equity,
22 and no applicable payment shall be subject to,
23 execution, levy, attachment, garnishment, or
24 other legal process, or the operation of any
25 bankruptcy or insolvency law.

1 “(B) ENCODING OF PAYMENTS.—In the
2 case of an applicable payment described in sub-
3 paragraph (E)(iii)(I) that is paid electronically
4 by direct deposit through the Automated Clear-
5 ing House (ACH) network, the Secretary (or
6 the Secretary’s delegate) shall—

7 “(i) issue the payment using a unique
8 identifier that is reasonably sufficient to
9 allow a financial institution to identify the
10 payment as an applicable payment, and

11 “(ii) further encode the payment pur-
12 suant to the same specifications as re-
13 quired for a benefit payment defined in
14 section 212.3 of title 31, Code of Federal
15 Regulations.

16 “(C) GARNISHMENT.—

17 “(i) ENCODED PAYMENTS.—In the
18 case of a garnishment order that applies to
19 an account that has received an applicable
20 payment that is encoded as provided in
21 subparagraph (B), a financial institution
22 shall follow the requirements and proce-
23 dures set forth in part 212 of title 31,
24 Code of Federal Regulations, except—

1 “(I) notwithstanding section
2 212.4 of title 31, Code of Federal
3 Regulations (and except as provided
4 in subclause (II)), a financial institu-
5 tion shall not fail to follow the proce-
6 dures of sections 212.5 and 212.6 of
7 such title with respect to a garnish-
8 ment order merely because such order
9 has attached, or includes, a notice of
10 right to garnish Federal benefits
11 issued by a State child support en-
12 forcement agency, and

13 “(II) a financial institution shall
14 not, with regard to any applicable
15 payment, be required to provide the
16 notice referenced in sections 212.6
17 and 212.7 of title 31, Code of Federal
18 Regulations.

19 “(ii) OTHER PAYMENTS.—In the case
20 of a garnishment order (other than an
21 order that has been served by the United
22 States) that has been received by a finan-
23 cial institution and that applies to an ac-
24 count into which an applicable payment
25 that has not been encoded as provided in

1 subparagraph (B) has been deposited elec-
2 tronically on any date during the lookback
3 period or into which an applicable payment
4 that has been deposited by check on any
5 date in the lookback period, the financial
6 institution, upon the request of the account
7 holder, shall treat the amount of the funds
8 in the account at the time of the request,
9 up to the amount of the applicable pay-
10 ment (in addition to any amounts other-
11 wise protected under part 212 of title 31,
12 Code of Federal Regulations), as exempt
13 from a garnishment order without requir-
14 ing the consent of the party serving the
15 garnishment order or the judgment cred-
16 itor.

17 “(iii) LIABILITY.—A financial institu-
18 tion that acts in good faith in reliance on
19 clause (i) or (ii) shall not be subject to li-
20 ability or regulatory action under any Fed-
21 eral or State law, regulation, court or other
22 order, or regulatory interpretation for ac-
23 tions concerning any applicable payments.

24 “(D) NO RECLAMATION RIGHTS.—This
25 paragraph shall not alter the status of applica-

1 ble payments as tax refunds or other nonbenefit
2 payments for purpose of any reclamation rights
3 of the Department of the Treasury or the Inter-
4 nal Revenue Service as per part 210 of title 31,
5 Code of Federal Regulations.

6 “(E) DEFINITIONS.—For purposes of this
7 paragraph—

8 “(i) ACCOUNT HOLDER.—The term
9 ‘account holder’ means a natural person
10 whose name appears in a financial institu-
11 tion’s records as the direct or beneficial
12 owner of an account.

13 “(ii) ACCOUNT REVIEW.—The term
14 ‘account review’ means the process of ex-
15 amining deposits in an account to deter-
16 mine if an applicable payment has been de-
17 posited into the account during the
18 lookback period. The financial institution
19 shall perform the account review following
20 the procedures outlined in section 212.5 of
21 title 31, Code of Federal Regulations and
22 in accordance with the requirements of sec-
23 tion 212.6 of title 31, Code of Federal
24 Regulations.

1 “(iii) APPLICABLE PAYMENT.—The
2 term ‘applicable payment’ means—

3 “(I) any payment made to an in-
4 dividual under this section (other than
5 any payment made pursuant to para-
6 graph (6)), and

7 “(II) any advance payment made
8 by a possession of the United States
9 with a mirror code tax system (as de-
10 fined in section 24A(h)) pursuant to
11 an election under paragraph (6)(B)
12 which corresponds to a payment de-
13 scribed in subclause (I).

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

17 “(v) GARNISHMENT ORDER.—The
18 term ‘garnishment order’ means a writ,
19 order, notice, summons, judgment, levy, or
20 similar written instruction issued by a
21 court, a State or State agency, a munici-
22 pality or municipal corporation, or a State
23 child support enforcement agency, includ-
24 ing a lien arising by operation of law for
25 overdue child support or an order to freeze

1 the assets in an account, to effect a gar-
2 nishment against a debtor.

3 “(vi) LOOKBACK PERIOD.—The term
4 ‘lookback period’ means the two-month pe-
5 riod that begins on the date preceding the
6 date of account review and ends on the
7 corresponding date of the month two
8 months earlier, or on the last date of the
9 month two months earlier if the cor-
10 responding date does not exist.

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

13 “(A) PUERTO RICO.—

14 “(i) For application of monthly child-
15 hood education tax credit to residents of
16 Puerto Rico, see section 24A(d).

17 “(ii) For application of monthly ad-
18 vance childhood education payments to
19 residents of Puerto Rico, see subsection
20 (b)(5).

21 “(B) MIRROR CODE POSSESSIONS.—In the
22 case of any possession of the United States with
23 a mirror code tax system (as defined in section
24 24A(h)(1)(C)), this section shall not be treated
25 as part of the income tax laws of the United

1 States for purposes of determining the income
2 tax law of such possession unless such posses-
3 sion elects to have this section be so treated.

4 “(i) APPLICATION OF CERTAIN DEFINITIONS AND
5 RULES APPLICABLE TO MONTHLY CHILDHOOD EDU-
6 CATION TAX CREDIT.—

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

12 “(2) TREATMENT OF CERTAIN DEATHS.—A
13 child shall not be taken into account in determining
14 the monthly advance childhood education payment
15 for any calendar month if the death of such child be-
16 fore the end of such month is known to the Sec-
17 retary as of the date on which the Secretary esti-
18 mates such payment.

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

1 portal or otherwise, with respect to the information
2 so provided.

3 “(4) RESTRICTIONS ON TAXPAYERS WHO IM-
4 PROPERLY CLAIMED CREDIT OR IMPROPERLY RE-
5 CEIVED MONTHLY ADVANCE CHILDHOOD EDUCATION
6 PAYMENTS.—For restrictions on taxpayers who im-
7 properly claimed credit or improperly received
8 monthly advance childhood education payments, see
9 section 24A(f).

10 “(j) NOTICE OF PAYMENTS.—

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

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

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

22 “(C) such other information as the Sec-
23 retary determines appropriate.

24 “(2) CERTAIN PAYMENTS SUBJECT TO TREAT-
25 MENT AS EXCESS ADVANCE PAYMENTS.—In the case

1 of any payments made to a taxpayer which the Sec-
2 retary has determined are subject to treatment as
3 excess advance payments, the notice provided under
4 paragraph (1) to such taxpayer shall include the
5 amount of such payments.

6 “(k) NOTIFICATION OF CERTAIN EVENTS.—With re-
7 spect to any taxpayer receiving monthly advance childhood
8 education payments under this section with respect to any
9 specified child, the Secretary shall, to the maximum extent
10 practicable, provide reasonable advance notice of each of
11 the following:

12 “(1) Any month with respect to which such
13 monthly advance childhood education payment will
14 increase (relative to the preceding month) by reason
15 of an inflation adjustment under section 24A(b)(3).

16 “(2) Any month with respect to which such
17 monthly advance childhood education payment will
18 be reduced (relative to the preceding month) by rea-
19 son of such child ceasing to be a specified child by
20 reason of attaining age 5.

21 “(3) Such other events as the Secretary deter-
22 mines appropriate.

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

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

3 (c) DISCLOSURE OF INFORMATION RELATING TO AD-
4 VANCE PAYMENT OF MONTHLY CHILDHOOD EDUCATION
5 TAX CREDIT.—Section 6103(e) of such Code is amended
6 by adding at the end the following new paragraph:

7 “(12) DISCLOSURE OF INFORMATION RELATING
8 TO ADVANCE PAYMENT OF MONTHLY CHILDHOOD
9 EDUCATION TAX CREDIT.—

10 “(A) JOINT FILERS.—In the case of any
11 individual who is eligible for monthly advance
12 childhood education payments under section
13 7527B, if the reference taxable year (as defined
14 in section 7527B(d)(2)) that the Secretary uses
15 to calculate such payments is a year for which
16 the individual filed an income tax return jointly
17 with another individual, the Secretary may dis-
18 close to such individual any information which
19 is relevant in determining the monthly advance
20 childhood education payment under section
21 7527B, and the individual’s eligibility for such
22 payment, including information regarding any
23 of the following:

24 “(i) The number of specified children.

1 “(ii) The name and taxpayer identi-
2 fication number of specified children.

3 “(iii) Marital status.

4 “(iv) Household income.

5 “(v) Modified adjusted gross income.

6 “(vi) Principal place of abode.

7 “(vii) Such other information as the
8 Secretary may provide.

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

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

1 “(I) any State, local government,
2 Tribal government, or possession of
3 the United States, or

4 “(II) any other individual or enti-
5 ty that the Secretary determines to be
6 appropriate for purposes of adjudi-
7 cating claims under section 7527B(f).

8 “(ii) Information considered by the
9 Secretary about where and with whom the
10 specified child resided.

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

15 (d) CONFORMING AMENDMENTS.—

16 (1) Section 26(b)(2) of such Code is amended
17 by striking “and” at the end of subparagraph (Y),
18 by striking the period at the end of subparagraph
19 (Z) and inserting “, and”, and by adding at the end
20 the following new subparagraph:

21 “(AA) section 24A(g)(2) (relating to in-
22 crease in tax equal to excess advance payments
23 in certain circumstances).”.

24 (2) Section 152(f)(6)(B)(ii) of such Code is
25 amended to read as follows:

1 “(ii) the credits under sections 24 and
2 24A, and the payments under section
3 7527B,”.

4 (3) Section 3402(f)(1)(C) of such Code is
5 amended by inserting “or section 24A (determined
6 after application of subsection (g) thereof)” after
7 “section 24 (determined after application of sub-
8 section (j) thereof)”.

9 (4) Section 6103(l)(13)(A)(v) of such Code is
10 amended by inserting “or section 24A, as the case
11 may be” after “section 24”.

12 (5) Section 6211(b)(4)(A) of such Code is
13 amended by inserting “24A by reason of subsection
14 (d) thereof,” after “24 by reason of subsections (d)
15 and (i)(1) thereof,”.

16 (6) Section 6213(g)(2)(I) of such Code is
17 amended by inserting “or section 24A (relating to
18 monthly childhood education tax credit)” after “sec-
19 tion 24 (relating to child tax credit)”.

20 (7) Section 6213(g)(2)(L) of such Code is
21 amended by inserting “24A,” after “24,”.

22 (8) Section 6213(g)(2)(P) of such Code is
23 amended—

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

1 (B) by inserting “or 24A” after “under
2 section 24”, and

3 (C) by striking “subsection (g)(1) thereof”
4 and inserting “section 24(g)(1) or section
5 24A(f)(1), respectively”.

6 (9) Section 6695(g)(2) of such Code is amend-
7 ed by inserting “24A,” after “24,”.

8 (10) Paragraph (2) of section 1324(b) of title
9 31, United States Code, is amended by inserting
10 “24A,” after “24,”.

11 (11) The table of sections for subpart A of part
12 IV of subchapter A of chapter 1 of the Internal Rev-
13 enue Code of 1986 is amended by inserting after the
14 item relating to section 24 the following new item:

“Sec. 24A. Monthly childhood education tax credit.”.

15 (12) The table of sections for chapter 77 of
16 such Code is amended by inserting after the item re-
17 lating to section 7527A the following new item:

“Sec. 7527B. Advance payment of monthly childhood education tax credit.”.

18 (e) EFFECTIVE DATES.—

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

1 (2) ADVANCE PAYMENT OF MONTHLY CHILD-
2 HOOD EDUCATION TAX CREDIT.—The amendment
3 made by subsection (b) shall apply to—

4 (A) calendar months beginning after the
5 date of the enactment of this Act, and

6 (B) in the case of section 7527B(g) of the
7 Internal Revenue Code of 1986 (relating to
8 grace periods and hardships), calendar months
9 beginning after December 31, 2025.

10 (3) DISCLOSURE OF INFORMATION.—The
11 amendment made by subsection (c) shall take effect
12 on the date of the enactment of this Act.

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