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## **Internal Revenue Code Section 7527A(f)**

### **Advance payment of Child Tax Credit**

(a) In general.

The Secretary shall establish a program for making periodic payments to taxpayers which, in the aggregate during any calendar year, equal the annual advance amount determined with respect to such taxpayer for such calendar year. Except as provided in subsection (b)(3)(B), the periodic payments made to any taxpayer for any calendar year shall be in equal amounts.

(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 50 percent of 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 periodic payment made after the date of such modification to properly take into account the amount by which any periodic 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 shall, for purposes of paragraph (1)(A), determine such status based on information known to the Secretary.

(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) Administrative provisions.

(1) Application of electronic funds payment requirement.

The payments made by the Secretary under subsection (a) shall be made by electronic funds transfer to the same extent and in the same manner as if such payments were Federal payments not made under this title.

(2) Application of certain rules.

Rules similar to the rules of subparagraphs (B) and (C) of section 6428A(f)(3) shall apply for purposes of this section.

(3) 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 subsection (c), (d), (e), or (f) of section 6402 or any similar authority permitting offset, or

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

(4) Application of advance payments in the 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 unless such possession elects to have this section be so treated.

(C) Administrative expenses of advance payments.

(i) Mirror code possessions. In the case of any possession described in subparagraph (B) which makes the election described in such subparagraph, the amount otherwise paid by the Secretary to such possession under section 24(k)(1)(A) with respect to taxable years beginning in 2021 shall be increased by \$300,000 if such possession has a plan, which has been approved by the Secretary, for making advance payments consistent with such election.

(ii) American Samoa. The amount otherwise paid by the Secretary to American Samoa under subparagraph (A) of section 24(k)(3) with respect to taxable years beginning in 2021 shall be increased by \$300,000 if the plan described in subparagraph (B) of such section includes a program,

which has been approved by the Secretary, for making advance payments under rules similar to the rules of this section.

(iii) Timing of payment. The Secretary may pay, upon the request of the possession of the United States to which the payment is to be made, the amount of the increase determined under clause (i) or (ii) immediately upon approval of the plan referred to in such clause, respectively.



(f) Application.

No payments shall be made under the program established under subsection (a) with respect to-

(1) any period before July 1, 2021, or

(2) any period after December 31, 2021.

(g) 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.