

117TH CONGRESS
1ST SESSION

H. R. 4665

To amend the Internal Revenue Code of 1986 to expand and improve the
earned income tax credit.

IN THE HOUSE OF REPRESENTATIVES

JULY 22, 2021

Ms. MOORE of Wisconsin (for herself, Ms. GARCIA of Texas, Ms. NORTON, Ms. CHU, Ms. OMAR, Mr. EVANS, Ms. BASS, Mr. TORRES of New York, Mr. SAN NICOLAS, Mr. KHANNA, Ms. LEE of California, Ms. PINGREE, Ms. PRESSLEY, and Mr. COHEN) 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 expand
and improve the earned income tax credit.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Worker Relief and
5 Credit Reform Act of 2021” or as the “WRCR Act of
6 2021”.

7 **SEC. 2. EXPANSION AND IMPROVEMENT OF EARNED IN-**
8 **COME TAX CREDIT.**

9 (a) APPLICATION TO STUDENTS.—

1 (1) IN GENERAL.—Section 32(c)(1)(A)(i) of the
2 Internal Revenue Code of 1986 is amended by in-
3 serting “who is a qualifying student or” after “any
4 individual”.

5 (2) QUALIFYING STUDENT.—Section 32(c) of
6 such Code is amended by redesignating paragraph
7 (4) as paragraph (5) and inserting after paragraph
8 (3) the following new paragraph:

9 “(4) QUALIFYING STUDENT.—

10 “(A) IN GENERAL.—The term ‘qualifying
11 student’ means, with respect to any taxable
12 year, any individual who—

13 “(i) is an eligible student (as defined
14 in section 25A(b)(3)) with respect to at
15 least one academic period beginning during
16 such taxable year,

17 “(ii) either—

18 “(I) qualifies for a Federal Pell
19 Grant with respect to such academic
20 period, or

21 “(II) meets the requirements of
22 subparagraph (B) or (C) for the tax-
23 able year, and

24 “(iii) is not a dependent for whom a
25 deduction is allowable under section 151 to

1 another taxpayer for any taxable year be-
2 ginning in the same calendar year as such
3 taxable year.

4 “(B) INDEPENDENT STUDENTS.—In the
5 case of any independent student, the require-
6 ments of this subparagraph are met for such
7 taxable year if the household income of the tax-
8 payer is less than 300 percent of the poverty
9 line for the size of the family involved for the
10 taxable year.

11 “(C) OTHER STUDENTS.—

12 “(i) IN GENERAL.—In the case of any
13 individual who is not an independent stu-
14 dent, the requirements of this subpara-
15 graph are met for such taxable year if the
16 aggregate household incomes of all the in-
17 dividual’s specified supporters (and the
18 taxpayer if not otherwise taken into ac-
19 count) for the taxable years of such sup-
20 porters which end in or with the calendar
21 year in which such individual’s taxable
22 year begins is less than 300 percent of the
23 poverty line for the size of the family in-
24 volved (determined on a single aggregate
25 basis) for the taxable year.

1 “(ii) SPECIFIED SUPPORTER.—The
2 term ‘specified supporter’ means, with re-
3 spect to any individual described in clause
4 (i), any taxpayer with respect to whom
5 such individual was a dependent for any
6 taxable year ending in the 3-year period
7 described in subparagraph (D)(i).

8 “(D) INDEPENDENT STUDENT DEFINED.—

9 “(i) IN GENERAL.—The term ‘inde-
10 pendent student’ means any individual if
11 such individual was not a dependent of an-
12 other taxpayer for any taxable year ending
13 in the 3-year period which ends on the
14 first day of the first academic period with
15 respect to which such individual is an eligi-
16 ble student (as defined in section
17 25A(b)(3)).

18 “(ii) CERTAIN ACADEMIC PERIODS
19 DISREGARDED.—An academic period shall
20 be disregarded under clause (i) if such aca-
21 demic period ends more than 2 years be-
22 fore the beginning of the next academic pe-
23 riod with respect to which the individual is
24 an eligible student (as defined in section
25 25A(b)(3)).

1 “(E) OTHER DEFINITIONS.—

2 “(i) HOUSEHOLD INCOME.—The term
3 ‘household income’ has the meaning given
4 such term in section 36B(d)(2).

5 “(ii) POVERTY LINE.—The term ‘pov-
6 erty line’ has the meaning given such term
7 in section 36B(d)(3)(A).

8 “(iii) FAMILY SIZE.—The family size
9 involved with respect to any taxpayer shall
10 be determined under rules similar to the
11 rules of section 36B(d)(1).”.

12 (3) CONFORMING AMENDMENT.—Section
13 32(c)(1)(A)(ii) of such Code is amended by striking
14 “any other individual who does not have a qualifying
15 child” and inserting “any individual not described in
16 clause (i)”.

17 (b) MODIFICATION OF AGE REQUIREMENTS.—Sec-
18 tion 32(c)(1)(A)(ii)(II) of such Code is amended by strik-
19 ing “has attained age 25 but not attained age 65” and
20 inserting “has attained age 18”.

21 (c) CARE-GIVING AND LEARNING TAKEN INTO AC-
22 COUNT AS COMPENSATED WORK.—Section 32(a) of such
23 Code is amended by adding at the end the following new
24 paragraph:

1 “(3) SPECIAL RULE FOR QUALIFYING STU-
 2 DENTS AND CERTAIN INDIVIDUALS WITH ONE OR
 3 MORE QUALIFYING DEPENDENTS.—For purposes of
 4 paragraph (1), any individual—

5 “(A) who is a qualifying student, or

6 “(B) who has a qualifying dependent,
 7 shall be treated as having earned income for the tax-
 8 able year which is equal to the earned income
 9 amount with respect to such individual for such tax-
 10 able year.”.

11 (d) TREATMENT OF CERTAIN QUALIFYING REL-
 12 ATIVES.—

13 (1) IN GENERAL.—Section 32(c)(3) of such
 14 Code is amended by striking all that precedes sub-
 15 paragraph (B) and inserting the following:

16 “(3) QUALIFYING DEPENDENT.—

17 “(A) IN GENERAL.—The term ‘qualifying
 18 dependent’ means—

19 “(i) a qualifying child of the taxpayer,
 20 as defined in section 152(c), determined—

21 “(I) by substituting ‘12’ for ‘19’
 22 in paragraph (3)(A)(i) thereof, and

23 “(II) without regard to para-
 24 graphs (1)(D) and (3)(A)(ii) thereof
 25 and section 152(e),

1 “(ii) any individual who is physically
2 or mentally incapable of caring for himself
3 or herself (within the meaning of section
4 21(b)(1)) and who—

5 “(I) is the taxpayer’s spouse, or

6 “(II) is a qualifying relative of
7 the taxpayer, as defined in section
8 152(d), determined without regard to
9 paragraph (1)(B) thereof and by
10 treating an individual as a qualifying
11 child of the taxpayer for purposes of
12 paragraph (1)(D) thereof only if such
13 individual is a qualifying child of the
14 taxpayer as determined under clause
15 (i) of this subparagraph, or

16 “(iii) any qualifying relative of the
17 taxpayer (as defined in section 152(d), de-
18 termined without regard to paragraph
19 (1)(B) thereof) who has attained age 65 as
20 of the close of the calendar year in which
21 the taxable year of the taxpayer begins.

22 For purposes of determining if any individual is
23 a qualifying relative of the taxpayer under
24 clause (ii)(II) or (iii), section 152(d)(1)(C) shall
25 be applied by not taking into account any bene-

fits received by such individual pursuant to any Federal program (or any State or local program financed in whole or in part with Federal funds) related to retirement (including social security benefits), disability, health care, cash aid, child care, food assistance, housing and development, social services, employment and training, or energy assistance.”.

(2) CONFORMING AMENDMENTS.—

(A) Section 32(c)(1)(A)(i) of such Code is amended by striking “qualifying child” and inserting “qualifying dependent”.

(B) Section 32(c)(1)(B) of such Code is amended—

(i) by striking “qualifying child” and inserting “qualifying dependent”, and

(ii) by striking “CHILD” in the heading and inserting “DEPENDENT”.

(C) Section 32(c)(1)(F) of such Code is amended—

(i) by striking “qualifying children” and inserting “qualifying dependents”,

(ii) by striking “qualifying child” and inserting “qualifying dependent”, and

1 (iii) by striking “QUALIFYING CHILD”
2 in the heading and inserting “QUALIFYING
3 DEPENDENT”.

4 (D) Section 32(c)(3)(D)(i) of such Code is
5 amended by striking “qualifying child” both
6 places it appears and inserting “qualifying de-
7 pendent”.

8 (e) MODIFICATION OF PERCENTAGES AND
9 AMOUNTS.—

10 (1) 100 PERCENT CREDIT PERCENTAGE.—
11 Paragraph (1) and paragraph (2)(A) of section
12 32(a) of such Code are each amended by striking
13 “the credit percentage of”.

14 (2) 20 PERCENT PHASEOUT PERCENTAGE.—
15 Section 32(a)(2)(B) of such Code is amended by
16 striking “the phaseout percentage” and inserting
17 “20 percent”.

18 (3) MODIFICATION OF EARNED INCOME AND
19 PHASEOUT AMOUNTS.—Section 32(b) of such Code
20 is amended to read as follows:

21 “(b) EARNED INCOME AMOUNT; PHASEOUT
22 AMOUNT.—For purposes of this section—

23 “(1) EARNED INCOME AMOUNT.—The term
24 ‘earned income amount’ means \$4,000 (twice such
25 amount in the case of a joint return).

1 “(2) PHASEOUT AMOUNT.—The term ‘phaseout
2 amount’ means \$30,000 (\$50,000 in the case of a
3 joint return).

4 “(3) INFLATION ADJUSTMENT.—In the case of
5 any taxable year beginning after 2021, the \$4,000
6 amount in paragraph (1) and each dollar amount in
7 paragraph (2) shall be increased by an amount equal
8 to—

9 “(A) such dollar amount, multiplied by

10 “(B) the cost-of-living adjustment deter-
11 mined under section 1(f)(3) for the calendar
12 year in which the taxable year begins, deter-
13 mined by substituting ‘2020’ for ‘2016’ in sub-
14 paragraph (A)(ii) thereof.

15 If any increase under the preceding sentence is not
16 a multiple of \$50, such increase shall be rounded to
17 the next lowest multiple of \$50.”.

18 (4) CONFORMING AMENDMENTS.—

19 (A) Section 32(i) of such Code is amended
20 by adding at the end the following new para-
21 graph:

22 “(3) INFLATION ADJUSTMENT.—

23 “(A) IN GENERAL.—In the case of any
24 taxable year beginning after 2020, the \$2,200

1 amount in subsection (i)(1) shall be increased
 2 by an amount equal to—

3 “(i) such dollar amount, multiplied by

4 “(ii) the cost-of-living adjustment de-
 5 termined under section 1(f)(3) for the cal-
 6 endar year in which the taxable year be-
 7 gins, determined by substituting ‘1995’ for
 8 ‘2016’ in subparagraph (A)(ii) thereof.

9 “(B) ROUNDING.—If any increase under
 10 subparagraph (A) is not a multiple of \$50, such
 11 increase shall be rounded to the next lowest
 12 multiple of \$50.”.

13 (B) Section 32 of such Code is amended by
 14 striking subsection (j).

15 (f) INCREASED CREDIT FOR CERTAIN UNMARRIED
 16 INDIVIDUALS WITH 2 OR MORE QUALIFYING CHIL-
 17 DREN.—

18 (1) IN GENERAL.—Section 32 of such Code is
 19 amended by inserting after subsection (f) the fol-
 20 lowing new subsection:

21 “(g) INCREASED CREDIT FOR CERTAIN UNMARRIED
 22 INDIVIDUALS WITH 2 OR MORE QUALIFYING CHIL-
 23 DREN.—

24 “(1) IN GENERAL.—In the case of a qualified
 25 individual, the amount of the credit otherwise deter-

1 mined under subsection (a) shall be increased by the
2 amount of the credit determined under this section
3 as such section was in effect for taxable years begin-
4 ning in 2018 but with the modifications described in
5 paragraph (2).

6 “(2) MODIFICATIONS.—Solely for purposes of
7 determining the increase under paragraph (1)—

8 “(A) CREDIT PERCENTAGE.—The credit
9 percentage shall be equal to—

10 “(i) in the case of a qualified indi-
11 vidual with 2 qualifying children, 12.5 per-
12 cent, and

13 “(ii) in the case of a qualified indi-
14 vidual with 3 or more qualifying children,
15 18.75 percent.

16 “(B) PHASEOUT PERCENTAGE.—The
17 phaseout percentage shall be equal to 5 percent.

18 “(C) APPLICATION OF INFLATION ADJUST-
19 MENT.—Section 32(j) as in effect for taxable
20 years beginning in 2018 shall be applied by tak-
21 ing into account the taxable year for which the
22 increase under paragraph (1) is determined.

23 “(3) QUALIFIED INDIVIDUAL.—For purposes of
24 this subsection, the term ‘qualified individual’ means
25 any individual who—

1 “(A) is not married (as determined under
2 section 7703), and

3 “(B) has 2 or more qualifying children.

4 “(4) QUALIFYING CHILD.—For purposes of this
5 subsection, the term ‘qualifying child’ means a child
6 described in subsection (c)(3)(A)(i) determined with-
7 out regard to subclause (I) thereof.”.

8 (g) ADVANCE PAYMENT.—

9 (1) IN GENERAL.—Chapter 77 of such Code is
10 amended by adding at the end the following new sec-
11 tion:

12 **“SEC. 7531. ADVANCE PAYMENT OF EARNED INCOME CRED-**
13 **IT; EARNED INCOME SAVINGS ACCOUNTS.**

14 “(a) IN GENERAL.—Not later than the date that is
15 2 years after the date of the enactment of this section,
16 the Secretary shall establish a program for making direct
17 advance monthly payments of the credit allowable under
18 section 32 to taxpayers who elect to receive such pay-
19 ments.

20 “(b) LIMITATION.—The aggregate monthly payments
21 made under subsection (a) with respect to any taxpayer
22 for any taxable year shall not exceed 75 percent of the
23 estimated amount of the credit allowable under section 32
24 to such taxpayer for such taxable year.

1 “(c) ELECTION.—The election under subsection (a)
2 may be made or changed for subsequent periods at any
3 time during the taxable year. In the case of an election
4 made after the beginning of a taxable year, the monthly
5 advance payments shall be made for months beginning
6 after the date that such election becomes effective and the
7 total amount of advance payments (subject to the limita-
8 tion of subsection (b)) shall be prorated among the re-
9 maining months.

10 “(d) METHOD OF PAYMENT.—The program estab-
11 lished under subsection (a) shall include an option for tax-
12 payers to elect to receive payments under such program
13 by prepaid debit card.

14 “(e) REPORTS TO TAXPAYERS.—

15 “(1) IN GENERAL.—With respect to payments
16 made under this section for any calendar year, not
17 later than January 31 of the following calendar
18 year, the Secretary shall issue a statement to each
19 individual with respect to whom payments were
20 made under this section setting forth—

21 “(A) the name, address, and TIN of such
22 person,

23 “(B) the aggregate amount of payments
24 made under this section with respect to such
25 person for such calendar year,

1 “(C) a statement that such individual is
2 required to file a return of tax with respect to
3 taxable years which include any portion of such
4 calendar year regardless of whether such indi-
5 vidual has income tax liability with respect to
6 such taxable years, and

7 “(D) such other information as the Sec-
8 retary may provide.

9 “(2) ELECTION TO RECEIVE STATEMENT
10 THROUGH ON-LINE PORTAL.—A taxpayer may elect
11 to receive the statement described in paragraph (1)
12 through the on-line portal described in subsection
13 (f).

14 “(f) RECAPTURE OF EXCESS PAYMENTS.—If the ag-
15 gregate payments made to any taxpayer under subsection
16 (a) with respect to any taxable year exceed the credit al-
17 lowable under section 32 (determined without regard to
18 subsection (h) thereof) with respect to such taxpayer for
19 such taxable year, the tax imposed by chapter 1 with re-
20 spect to such taxpayer for such taxable year shall be in-
21 creased by such excess.

22 “(g) RESTRICTION ON ALLOWANCE OF ADVANCE
23 PAYMENT IF EXCESS PAYMENTS NOT REPAID.—In the
24 case of a taxpayer who fails to pay any tax liability which
25 includes an increase determined under subsection (f) be-

1 fore the date on which payment of such tax is due, no
 2 payment shall be made under subsection (a) to such tax-
 3 payer during the period beginning on such date and end-
 4 ing with the end of the 2-year period which begins on the
 5 date that such tax liability (and any interest or penalties
 6 in connection with such liability) has been paid in full.”.

7 (2) COORDINATION WITH CREDIT.—Section 32
 8 of such Code, as amended by subsection (f), is
 9 amended by inserting after subsection (g) the fol-
 10 lowing new subsection:

11 “(h) COORDINATION WITH ADVANCE PAYMENT OF
 12 CREDIT.—With respect to any taxable year, the amount
 13 which would (but for this subsection) be allowed as a cred-
 14 it to the taxpayer under this section shall be reduced (but
 15 not below zero) by the aggregate payments made under
 16 section 7531 to such taxpayer for such taxable year.”.

17 (3) ONE-ON-ONE CONSULTATIONS.—The Sec-
 18 retary of the Treasury (or the Secretary’s delegate)
 19 shall ensure that in-person, telephonic, and virtual
 20 one-on-one consultations between taxpayers and the
 21 Internal Revenue Service are available to assist tax-
 22 payers at all times during regular business hours
 23 (and, in the case of in-person consultations, at all
 24 taxpayer assistance centers of the Internal Revenue
 25 Service) in determining—

1 (A) their eligibility for the advance pay-
2 ment program established under section 7531,

3 (B) the amount of the monthly payment
4 for which the taxpayer is eligible under such
5 program,

6 (C) the circumstances or changes in cir-
7 cumstances which, based on the particular char-
8 acteristics of such taxpayer, are most likely to
9 result in excess payments to such taxpayer
10 which would be subject to recapture under sec-
11 tion 7531(f), and

12 (D) such other matters as such Secretary
13 or delegate determines appropriate.

14 (4) ON-LINE PORTAL.—The Secretary of the
15 Treasury (or the Secretary's delegate) shall establish
16 an on-line portal which allows taxpayers to—

17 (A) elect to receive advance monthly pay-
18 ments under section 7531, including deter-
19 mining the estimated amount described in sub-
20 section (b) of such section and determining the
21 amount of such monthly payments,

22 (B) report changes in circumstances and
23 modify the amount of future advance monthly
24 payments under such section, and

1 (C) stop future advance monthly payments
 2 under such section and pay back any advance
 3 monthly payments.

4 (5) CLERICAL AMENDMENT.—The table of sec-
 5 tions for chapter 77 of such Code is amended by
 6 adding at the end the following new item:

“Sec. 7531. Advance payment of earned income credit; earned income savings
 accounts.”.

7 (h) OUTREACH PILOT PROGRAM.—

8 (1) IN GENERAL.—Not later than 1 year after
 9 the date of the enactment of this Act, the Secretary
 10 of the Treasury (or the Secretary’s designee) shall
 11 establish a program to educate taxpayers regarding
 12 the availability of the earned income tax credit and
 13 the advance monthly payments of such credit. Pur-
 14 suant to such program—

15 (A) EITC EDUCATIONAL LETTERS.—The
 16 Secretary (or designee) shall provide a written
 17 notice describing the earned income tax credit,
 18 the qualifications for receiving such credit, and
 19 the program for the advance payment of such
 20 credit to each taxpayer that the Secretary (or
 21 designee) determines is likely to qualify for such
 22 credit.

23 (B) DISTRICT OFFICE WORKSHOPS.—Each
 24 district office of the Internal Revenue Service

1 shall provide workshops and seminars to assist
2 and educate taxpayers regarding the earned in-
3 come tax credit and the program to provide ad-
4 vance monthly payments of such credit.

5 (C) QUARTERLY REMINDERS.—The Inter-
6 nal Revenue Service shall provide written re-
7 minders each calendar quarter to taxpayers
8 participating in the program to provide advance
9 monthly payments of the earned income tax
10 credit that the amount of such payments are
11 determined on the basis of estimates based on
12 information previously provided by the tax-
13 payer, that the taxpayer is responsible for re-
14 paying any amounts received that are in excess
15 of the actual amount of the earned income tax
16 credit, and that the taxpayer should review all
17 the facts and circumstances that may affect the
18 amount of the earned income tax credit of the
19 taxpayer which the taxpayer is receiving in ad-
20 vance.

21 (2) TERMINATION.—The program established
22 under paragraph (1) shall terminate at the close of
23 the 10-year period beginning on the date that such
24 program is established by the Secretary (or des-
25 ignee).

1 (3) REPORT ON EFFECTIVENESS OF PRO-
2 GRAM.—On the date which is 5 years after the es-
3 tablishment of the program under paragraph (1),
4 the Secretary shall submit to Congress a report eval-
5 uating the effectiveness of the program, including a
6 detailed examination of the effectiveness of each of
7 the initiatives described in subparagraphs (A), (B),
8 and (C) of paragraph (1).

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

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