

**Amendment to the Amendment in the Nature of a Substitute to Subtitle H. Budget  
Reconciliation Legislative Recommendations Relating to Strengthening the Social Safety  
Net and Supporting State and Local Governments  
Offered by Ms. Walorski of Indiana**

This amendment would reinstate work requirements for the child tax credit and ensure that the child tax credit is included in means-testing for federal benefit programs. (The Working Family Economic Opportunity Amendment.)

**AMENDMENT**

**OFFERED BY Ms. Walorski**

Strike section 137104 and insert the following:

1 **SEC. 137104. LIMITATION ON REFUNDABLE CHILD TAX**  
2 **CREDIT BASED ON EARNED INCOME.**

3 (a) APPLICATION OF LIMITATION BEGINNING IN  
4 2022.—

5 (1) IN GENERAL.—Section 24(h)(5) is amended  
6 to read as follows:

7 “(5) MAXIMUM AMOUNT OF REFUNDABLE  
8 CREDIT.—The amount determined under subsection  
9 (d)(1)(A) with respect to any qualifying child shall  
10 determined without regard to paragraph (4) of this  
11 subsection.”.

12 (2) REPEAL OF TEMPORARY RULE.—Section  
13 24(i) is amended by striking paragraph (1).

14 (3) APPLICATION TO ADVANCE PAYMENTS.—  
15 Section 7527A(b)(1) is amended by striking “and”  
16 at the end of subparagraph (C), by striking the pe-  
17 riod at the end of subparagraph (D) and inserting  
18 “, and”, and by inserting after subparagraph (D)  
19 the following new subparagraph:

1                   “(E) section 24(d) shall be applied with re-  
2                   spect to the reference taxable year.”.

3           (b) APPLICATION OF LIMITATION FROM 2023  
4 THROUGH 2025.—Subsection (d) of section 24A, as added  
5 by the preceding provisions of this Act, is amended to read  
6 as read as follows:

7           “(d) PORTION OF CREDIT REFUNDABLE.—

8                   “(1) IN GENERAL.—The aggregate credits al-  
9                   lowed to a taxpayer under subpart C shall be in-  
10                   creased by the lesser of—

11                   “(A) the credit which would be allowed  
12                   under this section without regard to this sub-  
13                   section and the limitation under section 26(a),  
14                   or

15                   “(B) the amount by which the aggregate  
16                   amount of credits allowed by this subpart (de-  
17                   termined without regard to this subsection)  
18                   would increase if the limitation imposed by sec-  
19                   tion 26(a) were increased by the greater of—

20                   “(i) 15 percent of so much of the tax-  
21                   payer’s earned income (within the meaning  
22                   of section 32) which is taken into account  
23                   in computing taxable income for the appli-  
24                   cable taxable year as exceeds \$2,500, or

1                   “(ii) in the case of a taxpayer with 3  
2                   or more qualifying children, the excess (if  
3                   any) of—

4                   “(I) the taxpayer’s social security  
5                   taxes for the applicable taxable year,  
6                   over

7                   “(II) the credit allowed under  
8                   section 32 for the applicable taxable  
9                   year.

10                   The amount of the credit allowed under  
11                   this subsection shall not be treated as a  
12                   credit allowed under this subpart and shall  
13                   reduce the amount of credit otherwise al-  
14                   lowable under subsection (a) without re-  
15                   gard to section 26(a). For purposes of sub-  
16                   paragraph (B), any amount excluded from  
17                   gross income by reason of section 112 shall  
18                   be treated as earned income which is taken  
19                   into account in computing taxable income  
20                   for the taxable year.

21                   “(2) SOCIAL SECURITY TAXES.—For purposes  
22                   of paragraph (1)—

23                   “(A) IN GENERAL.—The term ‘social secu-  
24                   rity taxes’ means, with respect to any taxpayer  
25                   for any taxable year—

1                   “(i) the amount of the taxes imposed  
2                   by sections 3101 and 3201(a) on amounts  
3                   received by the taxpayer during the cal-  
4                   endar year in which the taxable year be-  
5                   gins,

6                   “(ii) 50 percent of the taxes imposed  
7                   by section 1401 on the self-employment in-  
8                   come of the taxpayer for the taxable year,  
9                   and

10                   “(iii) 50 percent of the taxes imposed  
11                   by section 3211(a) on amounts received by  
12                   the taxpayer during the calendar year in  
13                   which the taxable year begins.

14                   “(B) COORDINATION WITH SPECIAL RE-  
15                   FUND OF SOCIAL SECURITY TAXES.—The term  
16                   ‘social security taxes’ shall not include any  
17                   taxes to the extent the taxpayer is entitled to  
18                   a special refund of such taxes under section  
19                   6413(e).

20                   “(C) SPECIAL RULE.—Any amounts paid  
21                   pursuant to an agreement under section 3121(l)  
22                   (relating to agreements entered into by Amer-  
23                   ican employers with respect to foreign affiliates)  
24                   which are equivalent to the taxes referred to in

1           subparagraph (A)(i) shall be treated as taxes  
2           referred to in such subparagraph.

3           “(3) APPLICABLE TAXABLE YEAR.—The term  
4           ‘applicable taxable year’ means the taxable year for  
5           which the credit under this section is determined, or  
6           if the taxpayer elects, the preceding taxable year or  
7           the second preceding taxable year (as specified in  
8           such election).

9           “(4) EXCEPTION FOR TAXPAYERS EXCLUDING  
10          FOREIGN EARNED INCOME.—Paragraph (1) shall not  
11          apply to any taxpayer for any taxable year if such  
12          taxpayer elects to exclude any amount from gross in-  
13          come under section 911 for such taxable year.

14          “(5) APPLICATION TO ADVANCE PAYMENTS.—  
15          For purposes of section 7527B, the monthly advance  
16          child payment determined under such section for any  
17          month shall not exceed 1/12 of the amount deter-  
18          mined under paragraph (1) for the reference taxable  
19          year (within the meaning of such section).”.

20          (c) EFFECTIVE DATES.—

21                 (1) APPLICATION OF LIMITATION BEGINNING IN  
22                 2022.—The amendments made by subsection (a)  
23                 shall apply to taxable years beginning after Decem-  
24                 ber 31, 2021.

1           (2) APPLICATION OF LIMITATION DURING 2023  
2 THROUGH 2025.—The amendments made by sub-  
3 section (b) shall apply to taxable years beginning  
4 after December 31, 2022.

At the end of part 1 of subtitle H (relating to the  
child tax credit), add the following

5 **SEC. 137106. TREATMENT OF REFUNDABLE CHILD TAX**  
6 **CREDIT UNDER CERTAIN FEDERAL MEANS-**  
7 **TESTED PROGRAMS.**

8 (a) IN GENERAL.—Section 6409 is amended—

9           (1) by striking “Notwithstanding” and insert-  
10 ing the following:

11           “(a) IN GENERAL.—Notwithstanding”, and

12           (2) by adding at the end the following new sub-  
13 section:

14           “(b) TREATMENT OF REFUNDABLE CHILD TAX  
15 CREDIT.—In the case of any refund or advance payment  
16 attributable to section 24, 24A, 7527A, or 7527B—

17           “(1) subsection (a) shall not apply, and

18           “(2) such refund or advance payment shall be  
19 treated—

20           “(A) as income for purposes any Federal,  
21 State, or local program described in subsection  
22 (a), and

1                   “(B) as resources under any such program  
2                   in the same manner as any other income.”.

3           (b) TREATMENT FOR PURPOSES OF HEALTH INSUR-  
4 ANCE PREMIUM TAX CREDIT AND COST-SHARING REDUC-  
5 TIONS.—Section 36B(d)(2)(B) is amended by redesignig-  
6 nating clauses (ii) and (iii) as clauses (iii) and (iv), respec-  
7 tively, and by inserting after clause (i) the following new  
8 clause:

9                   “(ii) any refund or advance payment  
10                   attributable to section 24, 24A, 7527A, or  
11                   7527B,”.

12           (c) EFFECTIVE DATE.—The amendments made by  
13 this section shall apply to amounts received after Decem-  
14 ber 31, 2021.

