



**DESCRIPTION OF THE CHAIRMAN’S AMENDMENT
IN THE NATURE OF A SUBSTITUTE TO H.R. 7024, THE
“TAX RELIEF FOR AMERICAN FAMILIES AND WORKERS ACT OF 2024”**

The Chairman’s amendment in the nature of a substitute amends H.R. 7024 (“the Act”) to add section 105, relating to the case of any individual who claims, on the taxpayer’s tax return for the first taxable year beginning after December 31, 2022, a child tax credit determined without regard to the per-child calculation of the refundable portion of the credit under the Act and without regard to the increase in the refundable portion of the credit under the Act. In such a case, the Treasury Department is directed (to the maximum extent practicable) to (1) redetermine the amount of such credit (after taking into account the above-mentioned provisions of the Act) on the basis of the information provided by the taxpayer on the return, and (2) to the extent that the redetermination results in an overpayment of tax, credit or refund the overpayment as expeditiously as possible.

The Chairman’s amendment in the nature of a substitute amends section 602(a) of H.R. 7024 to provide that the amount of the penalty under Code section 6701 relating to COVID-ERTC promoters is not to be construed to create any inference regarding the proper application of the knowledge requirement of Code section 6701(a)(3).

The Chairman’s amendment in the nature of a substitute amends section 602(e) of H.R. 7024 to provide a materiality standard for the contingency fee requirement portion of the definition of a COVID-ERTC promoter, which is 20 percent of gross receipts. Under the amendment, a person is treated as a COVID-ERTC promoter if the person charges or receives a fee which is based on the amount of the refund or credit only if the aggregate gross receipts of such person for aid, assistance, and advice with respect to the person’s taxable year in which the person provided the assistance and the preceding taxable year with respect to all COVID-ERTC documents exceeds 20 percent of such person’s gross receipts for that taxable year.

The Chairman’s amendment in the nature of a substitute amends section 602 of H.R. 7024 to provide in section 602(l) that the prospective due diligence requirement in section 602(b) is not to be construed to create any inference with respect to any aid, assistance, or advice provided by any COVID-ERTC promoter on or before the date of the enactment of the Act (or with respect to any other aid, assistance, or advice to which section 602(b) does not apply).