

119TH CONGRESS
1ST SESSION

H. R. 2338

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

IN THE HOUSE OF REPRESENTATIVES

MARCH 25, 2025

Ms. MOORE of Wisconsin (for herself, Ms. CHU, Mr. DAVIS of Illinois, Mr. GOMEZ, Ms. PINGREE, Ms. NORTON, Ms. TLAIB, Ms. SCANLON, Mr. KHANNA, and Ms. JAYAPAL) 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 2025” or as the “WRCR Act of
6 2025”.

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)(3)(D)(i) of such Code is amended by striking “qualifying child” both places it appears and inserting “qualifying dependent”.

(e) MODIFICATION OF PERCENTAGES AND AMOUNTS.—

1 (1) 100 PERCENT CREDIT PERCENTAGE.—
 2 Paragraph (1) and paragraph (2)(A) of section
 3 32(a) of such Code are each amended by striking
 4 “the credit percentage of”.

5 (2) 20 PERCENT PHASEOUT PERCENTAGE.—
 6 Section 32(a)(2)(B) of such Code is amended by
 7 striking “the phaseout percentage” and inserting
 8 “20 percent”.

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

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

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

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

20 “(3) INFLATION ADJUSTMENT.—In the case of
 21 any taxable year beginning after 2025, the \$4,000
 22 amount in paragraph (1) and each dollar amount in
 23 paragraph (2) shall be increased by an amount equal
 24 to—

25 “(A) such dollar amount, multiplied by

1 “(B) the cost-of-living adjustment deter-
 2 mined under section 1(f)(3) for the calendar
 3 year in which the taxable year begins, deter-
 4 mined by substituting ‘2024’ for ‘2016’ in sub-
 5 paragraph (A)(ii) thereof.

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

9 (4) CONFORMING AMENDMENTS.—

10 (A) Section 32(i) of such Code is amended
 11 by adding at the end the following new para-
 12 graph:

13 “(3) INFLATION ADJUSTMENT.—

14 “(A) IN GENERAL.—In the case of any
 15 taxable year beginning after 2021, the \$10,000
 16 amount in subsection (i)(1) shall be increased
 17 by an amount equal to—

18 “(i) such dollar amount, multiplied by

19 “(ii) the cost-of-living adjustment de-
 20 termined under section 1(f)(3) for the cal-
 21 endar year in which the taxable year be-
 22 gins, determined by substituting ‘2020’ for
 23 ‘2016’ in subparagraph (A)(ii) thereof.

24 “(B) ROUNDING.—If any increase under
 25 subparagraph (A) is not a multiple of \$50, such

1 increase shall be rounded to the next lowest
2 multiple of \$50.”.

3 (B) Section 32 of such Code is amended by
4 striking subsection (j).

5 (f) INCREASED CREDIT FOR CERTAIN UNMARRIED
6 INDIVIDUALS WITH 2 OR MORE QUALIFYING CHIL-
7 DREN.—

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

11 “(g) INCREASED CREDIT FOR CERTAIN UNMARRIED
12 INDIVIDUALS WITH 2 OR MORE QUALIFYING CHIL-
13 DREN.—

14 “(1) IN GENERAL.—In the case of a qualified
15 individual, the amount of the credit otherwise deter-
16 mined under subsection (a) shall be increased by the
17 amount of the credit determined under this section
18 as such section was in effect for taxable years begin-
19 ning in 2018 but with the modifications described in
20 paragraph (2).

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

23 “(A) CREDIT PERCENTAGE.—The credit
24 percentage shall be equal to—

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

4 “(ii) in the case of a qualified indi-
 5 vidual with 3 or more qualifying children,
 6 18.75 percent.

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

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

14 “(3) QUALIFIED INDIVIDUAL.—For purposes of
 15 this subsection, the term ‘qualified individual’ means
 16 any individual who—

17 “(A) is not married (as determined under
 18 section 7703), and

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

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

24 (g) ADVANCE PAYMENT.—

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

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

6 “(a) IN GENERAL.—Not later than the date that is
7 2 years after the date of the enactment of this section,
8 the Secretary shall establish a program for making direct
9 advance monthly payments of the credit allowable under
10 section 32 to taxpayers who elect to receive such pay-
11 ments.

12 “(b) LIMITATION.—The aggregate monthly payments
13 made under subsection (a) with respect to any taxpayer
14 for any taxable year shall not exceed 75 percent of the
15 estimated amount of the credit allowable under section 32
16 to such taxpayer for such taxable year.

17 “(c) ELECTION.—The election under subsection (a)
18 may be made or changed for subsequent periods at any
19 time during the taxable year. In the case of an election
20 made after the beginning of a taxable year, the monthly
21 advance payments shall be made for months beginning
22 after the date that such election becomes effective and the
23 total amount of advance payments (subject to the limita-
24 tion of subsection (b)) shall be prorated among the re-
25 maining months.

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

5 “(e) REPORTS TO TAXPAYERS.—

6 “(1) IN GENERAL.—With respect to payments
7 made under this section for any calendar year, not
8 later than January 31 of the following calendar
9 year, the Secretary shall issue a statement to each
10 individual with respect to whom payments were
11 made under this section setting forth—

12 “(A) the name, address, and TIN of such
13 person,

14 “(B) the aggregate amount of payments
15 made under this section with respect to such
16 person for such calendar year,

17 “(C) a statement that such individual is
18 required to file a return of tax with respect to
19 taxable years which include any portion of such
20 calendar year regardless of whether such indi-
21 vidual has income tax liability with respect to
22 such taxable years, and

23 “(D) such other information as the Sec-
24 retary may provide.

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

6 “(f) RECAPTURE OF EXCESS PAYMENTS.—If the ag-
7 gregate payments made to any taxpayer under subsection
8 (a) with respect to any taxable year exceed the credit al-
9 lowable under section 32 (determined without regard to
10 subsection (h) thereof) with respect to such taxpayer for
11 such taxable year, the tax imposed by chapter 1 with re-
12 spect to such taxpayer for such taxable year shall be in-
13 creased by such excess.

14 “(g) RESTRICTION ON ALLOWANCE OF ADVANCE
15 PAYMENT IF EXCESS PAYMENTS NOT REPAID.—In the
16 case of a taxpayer who fails to pay any tax liability which
17 includes an increase determined under subsection (f) be-
18 fore the date on which payment of such tax is due, no
19 payment shall be made under subsection (a) to such tax-
20 payer during the period beginning on such date and end-
21 ing with the end of the 2-year period which begins on the
22 date that such tax liability (and any interest or penalties
23 in connection with such liability) has been paid in full.”.

24 (2) COORDINATION WITH CREDIT.—Section 32
25 of such Code, as amended by subsection (f), is

1 amended by inserting after subsection (g) the fol-
2 lowing new subsection:

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

9 (3) ONE-ON-ONE CONSULTATIONS.—The Sec-
10 retary of the Treasury (or the Secretary’s delegate)
11 shall ensure that in-person, telephonic, and virtual
12 one-on-one consultations between taxpayers and the
13 Internal Revenue Service are available to assist tax-
14 payers at all times during regular business hours
15 (and, in the case of in-person consultations, at all
16 taxpayer assistance centers of the Internal Revenue
17 Service) in determining—

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

20 (B) the amount of the monthly payment
21 for which the taxpayer is eligible under such
22 program,

23 (C) the circumstances or changes in cir-
24 cumstances which, based on the particular char-
25 acteristics of such taxpayer, are most likely to

1 result in excess payments to such taxpayer
 2 which would be subject to recapture under sec-
 3 tion 7531(f), and

4 (D) such other matters as such Secretary
 5 or delegate determines appropriate.

6 (4) ON-LINE PORTAL.—The Secretary of the
 7 Treasury (or the Secretary’s delegate) shall establish
 8 an on-line portal which allows taxpayers to—

9 (A) elect to receive advance monthly pay-
 10 ments under section 7531, including deter-
 11 mining the estimated amount described in sub-
 12 section (b) of such section and determining the
 13 amount of such monthly payments,

14 (B) report changes in circumstances and
 15 modify the amount of future advance monthly
 16 payments under such section, and

17 (C) stop future advance monthly payments
 18 under such section and pay back any advance
 19 monthly payments.

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

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

23 (h) OUTREACH PILOT PROGRAM.—

1 (1) IN GENERAL.—Not later than 1 year after
2 the date of the enactment of this Act, the Secretary
3 of the Treasury (or the Secretary’s designee) shall
4 establish a program to educate taxpayers regarding
5 the availability of the earned income tax credit and
6 the advance monthly payments of such credit. Pur-
7 suant to such program—

8 (A) EITC EDUCATIONAL LETTERS.—The
9 Secretary (or designee) shall provide a written
10 notice describing the earned income tax credit,
11 the qualifications for receiving such credit, and
12 the program for the advance payment of such
13 credit to each taxpayer that the Secretary (or
14 designee) determines is likely to qualify for such
15 credit.

16 (B) DISTRICT OFFICE WORKSHOPS.—Each
17 district office of the Internal Revenue Service
18 shall provide workshops and seminars to assist
19 and educate taxpayers regarding the earned in-
20 come tax credit and the program to provide ad-
21 vance monthly payments of such credit.

22 (C) QUARTERLY REMINDERS.—The Inter-
23 nal Revenue Service shall provide written re-
24 minders each calendar quarter to taxpayers
25 participating in the program to provide advance

1 monthly payments of the earned income tax
2 credit that the amount of such payments are
3 determined on the basis of estimates based on
4 information previously provided by the tax-
5 payer, that the taxpayer is responsible for re-
6 paying any amounts received that are in excess
7 of the actual amount of the earned income tax
8 credit, and that the taxpayer should review all
9 the facts and circumstances that may affect the
10 amount of the earned income tax credit of the
11 taxpayer which the taxpayer is receiving in ad-
12 vance.

13 (2) TERMINATION.—The program established
14 under paragraph (1) shall terminate at the close of
15 the 10-year period beginning on the date that such
16 program is established by the Secretary (or des-
17 ignee).

18 (3) REPORT ON EFFECTIVENESS OF PRO-
19 GRAM.—On the date which is 5 years after the es-
20 tablishment of the program under paragraph (1),
21 the Secretary shall submit to Congress a report eval-
22 uating the effectiveness of the program, including a
23 detailed examination of the effectiveness of each of
24 the initiatives described in subparagraphs (A), (B),
25 and (C) of paragraph (1).

1 (i) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to taxable years beginning after
3 December 31, 2024.

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