



The Worker Relief and Credit Reform Act (the WRCR Act)

Strengthening the earned income tax credit. The WRCR Act would increase the earned income tax credit (EITC). The maximum credit for single filers would rise to \$4,000 and married filers would receive a maximum credit of \$8,000. The WRCR Act also features a 100% phase-in and would increase the income levels at which the credit starts to phase-out. Under the bill, the credit would begin to phase-out amount for single taxpayers at \$30,000, and the level for married taxpayers would be \$50,000. Once passed those income levels, the credit gradually decreases to zero at a fixed rate of 20%.

Treating caregiving as work. The WRCR Act would expand the types of activities that constitute “work” for purposes of the EITC to include family caregiving (as well as caregiving of cohabitating individuals). To receive the credit based on caregiving services, the taxpayer must have a qualifying dependent. A qualifying dependent, generally, includes: a child under the age of 12 years, the taxpayer’s relative or spouse who is mentally/physically incapable of carrying for her/himself, and a relative over 65.

For qualifying dependents, the taxpayer must provide over one-half of the dependent’s support. The computation of the minimum support test excludes payments received by the dependent from a Federal program (or any State or local program financed in whole or in part with Federal funds) related to health care, cash aid, child care, food assistance, housing and development, social services, employment and training, and energy assistance and all payments received by SSA beneficiaries (OASDI and SSI) and all payments from agency retirement programs.

Treating higher-education as work. The WRCR Act would also treat educational activities as work for purposes of the EITC. To qualify, a student must attend school half-time or more, and either qualify for a Federal Pell Grant, or have household income of less than 300% of the poverty line.

Deeming minimum income of certain eligible individuals. Caregivers and low-income students would be treated as though they have enough income to qualify for the maximum credit.

Expanding the eligibility age range. The WRCR Act permanently decreases the eligibility age for workers without children from 25 to 18 and removes the eligibility upper-age limit of 65 years.

Reinstating and improving advanced payments. The WRCR Act includes an option for recipients to receive 75% of their estimated credit monthly. Taxpayers may elect to receive the payments by direct deposit, low-fee debit card, or check. The IRS would establish an online portal, which taxpayers could use to sign up for advance payments, estimate their advance payment amount, track payments disbursed and their remaining balance, report changes in their circumstances, turn off the advanced EITC and pay back any amounts due as a result of a change in circumstances.

Broadening taxpayer assistance initiatives. Taxpayers would be able to avail themselves of optional consultations with the IRS either through in-person at IRS Taxpayer Assistance Offices, telephonically, or virtual one-on-one consultations to evaluate their EITC eligibility and credit, at any time during the year.

Adding taxpayer safeguards. Under the WRCR Act, the IRS would be required to send individuals who receive advance payments a statement that provides the total amount received by taxpayer during the year to facilitate tax return preparation. This statement must be accompanied by a notice that the individual must file a tax return, even if the individual has no tax liability. If a taxpayer receives payments based on the estimates that result in the taxpayer receiving an amount greater than the taxpayer should have, the taxpayer must pay back the difference. A taxpayer's failure to file a tax return or to comply with repaying any excess refunds would nullify that taxpayer's eligibility for the advance payments system for 2 years.

Establishing an outreach pilot program. The IRS would be required to send EITC education letters informing potentially eligible taxpayers of the credit, qualifications for receiving the credit, and the advance payment program. District offices of the Internal Revenue Service would also be required to provide workshops and seminars to assist taxpayers with the advanced payment program. The IRS would be required to send quarterly reminders to taxpayers participating in the advance payment program that reiterate that the advance payments are estimates and that the taxpayer is responsible for reconciling any overpayments. The WRCR Act also requires that the Commissioner of Internal Revenue submit a written report to Congress after 5 years that evaluates the effectiveness of these outreach initiatives.