

WORKING FAMILIES TAX RELIEF ACT

From the offices of Senators Brown, Bennet, Durbin, Wyden (116th Congress)

As Americans are filing their taxes, more and more people are seeing the Trump tax scam for what it was – a handout to millionaires and billionaires at the expense of working people and families. Meanwhile, Senate Democrats are uniting around a plan called the *Working Families Tax Relief Act* that will cut taxes for workers and families by expanding the *Earned Income Tax Credit (EITC)* and *Child Tax Credit (CTC)*. EITC and CTC are two of the most effective tools we have to put money in the pockets of working people and pull children out of poverty. Expanding them will give millions more Americans a foothold in the middle class.

➤ That's why Senate Democrats are introducing the *Working Families Tax Relief Act* to:

- Boost the incomes of **46 million households, 114 million people, including 43 million children**.
- Lift **7 million people** out of poverty, including **3 million children**.
- Expand the EITC for families with children by roughly **25 percent**.
- Significantly expand the EITC for **workers without children** and make the credit available for people starting at age 19 up to age 67. Currently, workers without children can be pulled under the poverty line by taxes. Expanding the EITC would fix that.
- Make the CTC fully refundable, so the more than **26 million children who were left out of the Trump tax law** get the support they deserve.
- Create a **Young Child Tax Credit** to provide extra support to children five and under, when research says they need it most.
- Allow workers to draw a **\$500 advance payment on their EITC** so that families aren't forced to turn to predatory payday lenders when the car breaks down or other unexpected expenses come up.

EITC for Workers without Children

Today, more than 5 million workers without children are taxed into, or deeper into, poverty. The *Working Families Tax Relief Act* would fix that by raising the maximum credit for childless workers from about \$530 to \$2,070 and expanding the age range to cover workers starting at age 19, instead of 25, through age 67, instead of 64.

EITC for Families with Children

The *Working Families Tax Relief Act* increases the EITC for families with children by approximately 25 percent. It raises the maximum EITC for families with one child from about \$3,530 to \$4,410, for families with two children from about \$5,830 to \$7,290, and for families three or more children from about \$6,560 to \$7,650.

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CTC for All Kids

President Trump and Congressional Republicans have repeatedly touted their tax law's increase in the CTC. But the reality is their tax law left out 26 million children in low- and moderate-income working families who received less than the full \$1,000 per-child CTC increase. By making the CTC fully refundable for the first time, the *Working Families Tax Relief Act* ensures children in low- and moderate-income families aren't left out. Under the *Working Families Tax Relief Act*, families could choose to receive monthly installments to help support children's needs throughout the year instead of one lump sum. The credit would also be adjusted for inflation moving forward, so it wouldn't lose value for families over time.

Extra Support for Children when They Need it Most

The *Working Families Tax Relief Act* would create a new *Young Child Tax Credit* to provide families with an extra \$1,000 for each child five years of age and younger, up to \$3,000 per family. Research shows investing in children in these formative years can set children up for success later in life. The *Young Child Tax Credit* would also be available on a monthly basis and indexed for inflation.

\$500 Advance

Four in 10 Americans say they couldn't afford an emergency expense of \$400 without borrowing money or selling assets. That leaves many people vulnerable to predatory payday lenders that trap them in a cycle of debt. The *Working Families Tax Relief Act* gives people an alternative to payday lenders by allowing workers to draw a one time, interest-free \$500 advance on their EITC payment.

Other Provisions in the Working Families Tax Relief Act

The bill also includes a bipartisan provision introduced by Senators Rob Portman (R-OH) and Ben Cardin (D-MD) to give the IRS authority to impose standards on paid tax preparers. This will cut down on fraud and ensure customers get quality service.

The *Working Families Tax Relief Act* provides CTC parity for families in Puerto Rico who are currently treated as second class citizens and boosts Puerto Rico's new Commonwealth-funded EITC.