



# GMS Flash Alert



2024-019 | January 19, 2024

## United States - "Tax Relief for American Families and Workers Act of 2024"

On January 17, 2024, the U.S. House Committee on Ways and Means Chairman Jason Smith introduced H.R. 7024, the "Tax Relief for American Families and Workers Act of 2024" ("the Act").<sup>1</sup> The proposed Act addresses scheduled changes for business income tax provisions, enhancement of other tax provisions, such as the child tax credit, and U.S.-Taiwan double tax relief. This *GMS Flash Alert* highlights the income tax proposals contained in the Act that may impact global mobility programs and their assignees.

### WHY THIS MATTERS

The proposed bill includes changes or extensions to individual income tax provisions that may have an impact on global mobility assignments. Certain proposals, such as the *U.S.-Taiwan Expedited Double-Tax Relief Act*<sup>2</sup> would have a significant impact on assignments from and to Taiwan as it would mitigate double taxation faced by assignees and global mobility programs.

### More Information on the Proposed Act

Chairman Smith scheduled a committee markup of H.R. 7024 for January 19, 2024, at 9:00 a.m. ET. In anticipation of the markup, he released an Amendment in the Nature of a Substitute on January 18, 2024.<sup>3</sup>

In advance of the hearing, the staff of the Joint Committee on Taxation (JCT) released a description and estimated revenue effects of the bill.

- Read the JCT description: [JCX-2-24](#)
- Read the JCT estimates: [JCX-3-24](#) .

## Summary of Individual Income-Tax Provisions

The following summary addresses only the income-tax provisions expected to impact global mobility programs and their assignees. For a comprehensive and detailed discussion of all the provisions included in this bill, please refer to the linked JCT description.

### Child Tax Credit and Additional Child Tax Credit Provisions

#### *Per-Child Calculation of the Additional Child Tax Credit*

If enacted, the proposed changes would temporarily modify the calculation of the additional child tax credit (i.e., the refundable portion of the child tax credit), basing it on the number of qualifying children multiplied by amounts determined under the earned income and alternative formulas. This could result in an increased additional child tax credit. The maximum amount of the credit per child would remain unchanged for 2023 and would be adjusted for inflation for tax years 2024 and 2025.

The provision would be effective for tax years 2023, 2024, and 2025 and would expire for taxable years starting after December 31, 2025.

#### *Increase in the Maximum Amount of the Additional Child Tax Credit*

The proposal would temporarily increase the maximum amount of the additional child tax credit per qualifying child to \$1,800 for tax year 2023, \$1,900 for tax year 2024, and the full amount of the child tax credit for qualifying children (\$2,000, adjusted for inflation as described in the following section) for tax year 2025.

The temporary increase would be effective for tax years 2023, 2024, and 2025 and would expire for taxable years beginning after December 31, 2025.

#### *Inflation Adjustment of the Child Tax Credit and of the 2025 Additional Child Tax Credit*

The proposed changes would temporarily index the \$2,000 child tax credit for tax years 2024 and 2025 and the maximum additional child tax credit for tax year 2025. As a result, the credit amounts would increase with inflation, but would be rounded down to the nearest \$100.

The proposal would be effective for tax years 2024 and 2025 for the child tax credit and tax year 2025 for the additional child tax credit. The changes would expire after December 31, 2025, when the child tax credit returns to \$1,000 per qualifying child.

#### *Rules for the Determination of Earned Income to Calculate the Additional Child Tax Credit*

The proposal would temporarily allow taxpayers to elect to calculate the additional child tax credit based on their earned income from the previous year, rather than the current year, if the current year's income is lower. For joint returns, the previous year's income would be the combined income of both spouses.

The changes would be effective for tax years 2024 and 2025 and would expire for taxable years beginning after December 31, 2025.

### Extension of 100-Percent Bonus Depreciation

The proposal would extend the 100-percent bonus-depreciation deduction for property placed in service between December 31, 2022 and January 1, 2026 (exceptions apply). The existing 20-percent bonus-depreciation deduction for property placed in service between December 31, 2025 and January 1, 2027, is retained (exceptions apply).

## United States-Taiwan Expedited Double-Tax Relief Act

As reported in recent issues of *GMS Flash Alert* [2023-230](#) and [2023-183](#), the U.S.-Taiwan double-tax relief bill would address the double taxation of American and Taiwanese tax residents. The bill includes provisions to address permanent establishment, income from employment, and residency issues.

The “United States-Taiwan Expedited Double-Tax Relief Act” would be effective on the date of enactment, subject to satisfaction of the contingent reciprocity standards being met; meaning, Taiwan would need to enact reciprocal legislation for the bill’s measures to take effect.

## Assistance for Disaster-Impacted Communities

The Act would extend the rules for the treatment of certain disaster-related personal casualty losses as passed in the *Taxpayer Certainty and Disaster Tax Relief Act of 2020*, which provided special rules for qualified disaster-related personal casualty losses, including eliminating the requirement that casualty losses must exceed 10 percent of adjusted gross income (AGI) to qualify for the deduction, requiring losses to exceed \$500 per casualty in order to be deductible, and allowing taxpayers to claim the casualty loss deduction “above the line,” i.e., without itemizing their deductions. In addition, the proposal would exclude from gross income payments for losses or damages resulting from certain wildfires and the East Palestine, Ohio train derailment.

## Other Provisions

Other proposals of potential interest to individuals and employers include:

- Extension of the allowance for depreciation, amortization, or depletion in determining the limitation on business interest deductibility. Generally applicable for tax years beginning between December 31, 2023 and January 1, 2026, with an election available for tax years beginning between December 31, 2021 and January 1, 2024.
- Expensing for research and development (R&D). Generally effective for domestic R&D costs paid or incurred in tax years beginning between December 31, 2021 and January 1, 2026.
- Increase in the limitations on expensing of depreciable business assets. Generally effective for property placed in service in tax years beginning after December 31, 2023.
- Enhancement of the low-income housing tax credit.
- Increased threshold for information reporting on Forms 1099-NEC and 1099-MISC.

The revenue cost of the plan would be offset by acceleration of the filing deadline for employee retention credit (ERC) claims to January 31, 2024, and extension of the statute of limitations on period of assessment and compliance changes.

## Next Steps

The next stage for the legislation is to gain approval during the Ways and Means Committee markup session. If it gets the committee’s approval, the entire U.S. House of Representatives (“House”) will then consider the proposed legislation. The bill might be processed in the House under the rules of “suspension,” requiring a two-thirds vote (instead of a simple majority) to progress to the U.S. Senate for further consideration.

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## KPMG INSIGHTS

It is unclear if the bill will be approved by the House and Senate in its current form or at all. While Chairman Jason Smith and Senate Finance Chair Ron Wyden came to an agreement, ranking members do not appear to be parties to the recent announcement by Smith and Wyden of a bipartisan framework for proposed tax legislation. A final resolution may be delayed until a government funding bill is enacted in early March or even later.

KPMG LLP (U.S.) will endeavor to apprise *GMS Flash Alert* readers of further, relevant developments as they occur.

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## FOOTNOTES:

- 1 Read text of the bill, [H.R. 7024](#).
- 2 See [GMS Flash Alert 2023-230](#) (December 1, 2023) and [GMS Flash Alert 2023-183](#) (September 21, 2023) for coverage.
- 3 See [Amendment in the Nature of a Substitute](#).

## RELATED RESOURCES:

For related reports, see:

“Senate Finance, House Ways and Means chairs release bipartisan framework for tax legislation” in *TaxNewsFlash* (January 16, 2024), a publication of KPMG LLP in the United States, by clicking [here](#).

“Ways and Means Chairman releases text and schedules markup of bipartisan tax legislation; JCT description and estimates” in *TaxNewsFlash* (January 18, 2024), a publication of KPMG LLP in the United States, by clicking [here](#).

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