



Summary of Changes to the Child Tax Credit and Other Tax Provisions in H.R. 1

TIMELINE

- April 10, 2025: the House passed a budget resolution that had already been passed by the Senate directing the House Ways and Means Committee to reduce tax revenue by as much as \$4.5 trillion
- May 12, 2025: The House Ways and Means Committee mark was released
- May 13-14, 2025: The House Ways and Means Committee marked up the legislation
- May 14, 2025: The text was passed by the House Ways and Means Committee along party lines
- May 18, 2025: The text was incorporated into the combined [*One Big Beautiful Bill Act \(H.R.1\)*](#) that passed the House Budget Committee
- May 22, 2025: The House passed H.R. 1
- June 16, 2025: The Senate Finance Committee legislative text was released
- July 1, 2025: The Senate passed its modified version of H.R. 1
- July 3, 2025: The House passed the Senate-passed version of H.R. 1
- July 4, 2025: H.R. signed into law

OVERVIEW

The Tax title of the House reconciliation package extends many expiring provisions of the 2017 Tax Cuts and Jobs Act (TCJA), includes some new tax cuts, and is estimated to cut federal tax revenue by more than \$3.7 trillion over the course of ten years, through FY2034. The Joint Committee on Taxation estimates that the plan would cut taxes sharply for the wealthiest Americans and raise taxes for the poorest quintile. The bill also reduces eligibility for tax programs that have traditionally benefitted lower-income Americans like the Child Tax Credit and Earned Income Tax Credit.

SUMMARY

Child Tax Credit

H.R. 1 makes several changes to the Child Tax Credit (CTC). The bill:

- Permanently extends increases the value of the credit to \$2,200 per child credit amount from TCJA, which was previously scheduled to revert to \$1,000 per child after 2025.
 - The value of the credit is indexed to inflation annually.
 - The bill does not increase refundability or change the earnings requirement for the CTC.



- As a result, none of the [more than 17 million children currently excluded](#) from the program would benefit from an increase in the topline value of the credit.
- Permanently extends the CTC phase-out, which starts at \$200,000 for single taxpayers and \$400,000 for married taxpayers.
- Requires Social Security numbers (SSNs) for the tax-filing parent and child to claim. Current law requires an SSN only for children.
 - This change denies eligibility to many mixed-status families. The [Congressional Budget Office \(CBO\) estimates](#) that this provision will strip eligibility for roughly 2 million children.

Additional Tax Provisions

H.R. 1 makes several other changes to the tax code that are important for families. The bill:

- Establishes a “Trump Accounts” program to create tax-advantaged child savings accounts.
 - Parents of children under 8 years old may open an account and contribute up to \$5,000 per year adjusted for inflation.
 - The federal government will provide a \$1,000 credit to the accounts for U.S. citizens born from 2025 through 2028.
 - The total cost of this program is estimated at \$17 billion over a decade.
 - Young adults will be allowed to access the funds in these accounts at age 18 and use the money for higher education, post-secondary career or apprenticeship credentialing, starting a small business, or the purchase of a principal residence.
 - Money used for approved purposes would be subject to capital gains tax rates that are generally lower than individual income tax rates.
- Allows enhanced premium tax credits, which were established under the Affordable Care Act to help families cover health insurance costs, expanded under the American Rescue Plan and extended through 2025 by the Inflation Reduction Act, to expire as scheduled.
 - These enhancements removed the income cap for subsidy eligibility and reduced the percentage of income that individuals had to pay for benchmark plans.
 - Expiration of these credits is likely to [to cause](#) more than 4 million people to lose their health insurance.