

## “(a) SURVEY.—

“(1) IN GENERAL.—The Secretary of the Treasury shall conduct a biennial survey of eligible individuals (as defined in section 35(c) of the Internal Revenue Code of 1986) relating to the health coverage tax credit under section 35 of the Internal Revenue Code of 1986 (hereinafter in this section referred to as the ‘health coverage tax credit’).

“(2) INFORMATION OBTAINED.—The survey conducted under subsection (a) shall obtain the following information:

“(A) HCTC PARTICIPANTS.—In the case of eligible individuals receiving the health coverage tax credit (including individuals participating in the health coverage tax credit program under section 7527 of such Code, hereinafter in this section referred to as the ‘HCTC program’)—

“(i) demographic information of such individuals, including income and education levels,

“(ii) satisfaction of such individuals with the enrollment process in the HCTC program,

“(iii) satisfaction of such individuals with available health coverage options under the credit, including level of premiums, benefits, deductibles, cost-sharing requirements, and the adequacy of provider networks, and

“(iv) any other information that the Secretary determines is appropriate.

“(B) NON-HCTC PARTICIPANTS.—In the case of eligible individuals not receiving the health coverage tax credit—

“(i) demographic information of each individual, including income and education levels,

“(ii) whether the individual was aware of the health coverage tax credit or the HCTC program,

“(iii) the reasons the individual has not enrolled in the HCTC program, including whether such reasons include the burden of the process of enrollment and the affordability of coverage,

“(iv) whether the individual has health insurance coverage, and, if so, the source of such coverage, and

“(v) any other information that the Secretary determines is appropriate.

“(3) REPORT.—Not later than December 31 of each year in which a survey is conducted under paragraph (1) (beginning in 2010), the Secretary of the Treasury shall report to the Committee on Finance and the Committee on Health, Education, Labor, and Pensions of the Senate and the Committee on Ways and Means, the Committee on Education and Labor [now Committee on Education and the Workforce], and the Committee on Energy and Commerce of the House of Representatives the findings of the most recent survey conducted under paragraph (1).

“(b) REPORT.—Not later than October 1 of each year (beginning in 2010), the Secretary of the Treasury (after consultation with the Secretary of Health and Human Services, and, in the case of the information required under paragraph (7), the Secretary of Labor) shall report to the Committee on Finance and the Committee on Health, Education, Labor, and Pensions of the Senate and the Committee on Ways and Means, the Committee on Education and Labor [now Committee on Education and the Workforce], and the Committee on Energy and Commerce of the House of Representatives the following information with respect to the most recent taxable year ending before such date:

“(1) In each State and nationally—

“(A) the total number of eligible individuals (as defined in section 35(c) of the Internal Revenue Code of 1986) and the number of eligible individuals receiving the health coverage tax credit,

“(B) the total number of such eligible individuals who receive an advance payment of the health coverage tax credit through the HCTC program,

“(C) the average length of the time period of the participation of eligible individuals in the HCTC program, and

“(D) the total number of participating eligible individuals in the HCTC program who are enrolled in

each category of coverage as described in section 35(e)(1) of such Code,

with respect to each category of eligible individuals described in section 35(c)(1) of such Code.

“(2) In each State and nationally, an analysis of—

“(A) the range of monthly health insurance premiums, for self-only coverage and for family coverage, for individuals receiving the health coverage tax credit, and

“(B) the average and median monthly health insurance premiums, for self-only coverage and for family coverage, for individuals receiving the health coverage tax credit,

with respect to each category of coverage as described in section 35(e)(1) of such Code.

“(3) In each State and nationally, an analysis of the following information with respect to the health insurance coverage of individuals receiving the health coverage tax credit who are enrolled in coverage described in subparagraphs (B) through (H) of section 35(e)(1) of such Code:

“(A) Deductible amounts.

“(B) Other out-of-pocket cost-sharing amounts.

“(C) A description of any annual or lifetime limits on coverage or any other significant limits on coverage services, or benefits.

The information required under this paragraph shall be reported with respect to each category of coverage described in such subparagraphs.

“(4) In each State and nationally, the gender and average age of eligible individuals (as defined in section 35(c) of such Code) who receive the health coverage tax credit, in each category of coverage described in section 35(e)(1) of such Code, with respect to each category of eligible individuals described in such section.

“(5) The steps taken by the Secretary of the Treasury to increase the participation rates in the HCTC program among eligible individuals, including outreach and enrollment activities.

“(6) The cost of administering the HCTC program by function, including the cost of subcontractors, and recommendations on ways to reduce administrative costs, including recommended statutory changes.

“(7) The number of States applying for and receiving national emergency grants under section 173(f) of the Workforce Investment Act of 1998 (29 U.S.C. 2918(f)), the activities funded by such grants on a State-by-State basis, and the time necessary for application approval of such grants.”

## § 36. First-time homebuyer credit

### (a) Allowance of credit

In the case of an individual who is a first-time homebuyer of a principal residence in the United States during a taxable year, there shall be allowed as a credit against the tax imposed by this subtitle for such taxable year an amount equal to 10 percent of the purchase price of the residence.

### (b) Limitations

#### (1) Dollar limitation

##### (A) In general

Except as otherwise provided in this paragraph, the credit allowed under subsection (a) shall not exceed \$8,000.

##### (B) Married individuals filing separately

In the case of a married individual filing a separate return, subparagraph (A) shall be applied by substituting “\$4,000” for “\$8,000”.

##### (C) Other individuals

If two or more individuals who are not married purchase a principal residence, the

amount of the credit allowed under subsection (a) shall be allocated among such individuals in such manner as the Secretary may prescribe, except that the total amount of the credits allowed to all such individuals shall not exceed \$8,000.

**(D) Special rule for long-time residents of same principal residence**

In the case of a taxpayer to whom a credit under subsection (a) is allowed by reason of subsection (c)(6), subparagraphs (A), (B), and (C) shall be applied by substituting “\$6,500” for “\$8,000” and “\$3,250” for “\$4,000”.

**(2) Limitation based on modified adjusted gross income**

**(A) In general**

The amount allowable as a credit under subsection (a) (determined without regard to this paragraph) for the taxable year shall be reduced (but not below zero) by the amount which bears the same ratio to the amount which is so allowable as—

(i) the excess (if any) of—

(I) the taxpayer’s modified adjusted gross income for such taxable year, over  
(II) \$125,000 (\$225,000 in the case of a joint return), bears to

(ii) \$20,000.

**(B) Modified adjusted gross income**

For purposes of subparagraph (A), the term “modified adjusted gross income” means the adjusted gross income of the taxpayer for the taxable year increased by any amount excluded from gross income under section 911, 931, or 933.

**(3) Limitation based on purchase price**

No credit shall be allowed under subsection (a) for the purchase of any residence if the purchase price of such residence exceeds \$800,000.

**(4) Age limitation**

No credit shall be allowed under subsection (a) with respect to the purchase of any residence unless the taxpayer has attained age 18 as of the date of such purchase. In the case of any taxpayer who is married (within the meaning of section 7703), the taxpayer shall be treated as meeting the age requirement of the preceding sentence if the taxpayer or the taxpayer’s spouse meets such age requirement.

**(c) Definitions**

For purposes of this section—

**(1) First-time homebuyer**

The term “first-time homebuyer” means any individual if such individual (and if married, such individual’s spouse) had no present ownership interest in a principal residence during the 3-year period ending on the date of the purchase of the principal residence to which this section applies.

**(2) Principal residence**

The term “principal residence” has the same meaning as when used in section 121.

**(3) Purchase**

**(A) In general**

The term “purchase” means any acquisition, but only if—

(i) the property is not acquired from a person related to the person acquiring such property (or, if married, such individual’s spouse), and

(ii) the basis of the property in the hands of the person acquiring such property is not determined—

(I) in whole or in part by reference to the adjusted basis of such property in the hands of the person from whom acquired, or

(II) under section 1014(a) (relating to property acquired from a decedent).

**(B) Construction**

A residence which is constructed by the taxpayer shall be treated as purchased by the taxpayer on the date the taxpayer first occupies such residence.

**(4) Purchase price**

The term “purchase price” means the adjusted basis of the principal residence on the date such residence is purchased.

**(5) Related persons**

A person shall be treated as related to another person if the relationship between such persons would result in the disallowance of losses under section 267 or 707(b) (but, in applying section 267(b) and (c) for purposes of this section, paragraph (4) of section 267(c) shall be treated as providing that the family of an individual shall include only his spouse, ancestors, and lineal descendants).

**(6) Exception for long-time residents of same principal residence**

In the case of an individual (and, if married, such individual’s spouse) who has owned and used the same residence as such individual’s principal residence for any 5-consecutive-year period during the 8-year period ending on the date of the purchase of a subsequent principal residence, such individual shall be treated as a first-time homebuyer for purposes of this section with respect to the purchase of such subsequent residence.

**(d) Exceptions**

No credit under subsection (a) shall be allowed to any taxpayer for any taxable year with respect to the purchase of a residence if—

(1) the taxpayer is a nonresident alien,

(2) the taxpayer disposes of such residence (or such residence ceases to be the principal residence of the taxpayer (and, if married, the taxpayer’s spouse)) before the close of such taxable year,

(3) a deduction under section 151 with respect to such taxpayer is allowable to another taxpayer for such taxable year, or

(4) the taxpayer fails to attach to the return of tax for such taxable year a properly executed copy of the settlement statement used to complete such purchase.

**(e) Reporting**

If the Secretary requires information reporting under section 6045 by a person described in subsection (e)(2) thereof to verify the eligibility of taxpayers for the credit allowable by this section, the exception provided by section 6045(e) shall not apply.

**(f) Recapture of credit****(1) In general**

Except as otherwise provided in this subsection, if a credit under subsection (a) is allowed to a taxpayer, the tax imposed by this chapter shall be increased by 6 $\frac{2}{3}$  percent of the amount of such credit for each taxable year in the recapture period.

**(2) Acceleration of recapture**

If a taxpayer disposes of the principal residence with respect to which a credit was allowed under subsection (a) (or such residence ceases to be the principal residence of the taxpayer (and, if married, the taxpayer's spouse)) before the end of the recapture period—

(A) the tax imposed by this chapter for the taxable year of such disposition or cessation shall be increased by the excess of the amount of the credit allowed over the amounts of tax imposed by paragraph (1) for preceding taxable years, and

(B) paragraph (1) shall not apply with respect to such credit for such taxable year or any subsequent taxable year.

**(3) Limitation based on gain**

In the case of the sale of the principal residence to a person who is not related to the taxpayer, the increase in tax determined under paragraph (2) shall not exceed the amount of gain (if any) on such sale. Solely for purposes of the preceding sentence, the adjusted basis of such residence shall be reduced by the amount of the credit allowed under subsection (a) to the extent not previously recaptured under paragraph (1).

**(4) Exceptions****(A) Death of taxpayer**

Paragraphs (1) and (2) shall not apply to any taxable year ending after the date of the taxpayer's death.

**(B) Involuntary conversion**

Paragraph (2) shall not apply in the case of a residence which is compulsorily or involuntarily converted (within the meaning of section 1033(a)) if the taxpayer acquires a new principal residence during the 2-year period beginning on the date of the disposition or cessation referred to in paragraph (2). Paragraph (2) shall apply to such new principal residence during the recapture period in the same manner as if such new principal residence were the converted residence.

**(C) Transfers between spouses or incident to divorce**

In the case of a transfer of a residence to which section 1041(a) applies—

(i) paragraph (2) shall not apply to such transfer, and

(ii) in the case of taxable years ending after such transfer, paragraphs (1) and (2) shall apply to the transferee in the same manner as if such transferee were the transferor (and shall not apply to the transferor).

**(D) Waiver of recapture for purchases in 2009 and 2010**

In the case of any credit allowed with respect to the purchase of a principal residence after December 31, 2008—

(i) paragraph (1) shall not apply, and

(ii) paragraph (2) shall apply only if the disposition or cessation described in paragraph (2) with respect to such residence occurs during the 36-month period beginning on the date of the purchase of such residence by the taxpayer.

**(E) Special rule for members of the armed forces, etc.****(i) In general**

In the case of the disposition of a principal residence by an individual (or a cessation referred to in paragraph (2)) after December 31, 2008, in connection with Government orders received by such individual, or such individual's spouse, for qualified official extended duty service—

(I) paragraph (2) and subsection (d)(2) shall not apply to such disposition (or cessation), and

(II) if such residence was acquired before January 1, 2009, paragraph (1) shall not apply to the taxable year in which such disposition (or cessation) occurs or any subsequent taxable year.

**(ii) Qualified official extended duty service**

For purposes of this section, the term "qualified official extended duty service" means service on qualified official extended duty as—

(I) a member of the uniformed services,

(II) a member of the Foreign Service of the United States, or

(III) an employee of the intelligence community.

**(iii) Definitions**

Any term used in this subparagraph which is also used in paragraph (9) of section 121(d) shall have the same meaning as when used in such paragraph.

**(5) Joint returns**

In the case of a credit allowed under subsection (a) with respect to a joint return, half of such credit shall be treated as having been allowed to each individual filing such return for purposes of this subsection.

**(6) Return requirement**

If the tax imposed by this chapter for the taxable year is increased under this subsection, the taxpayer shall, notwithstanding section 6012, be required to file a return with respect to the taxes imposed under this subtitle.

**(7) Recapture period**

For purposes of this subsection, the term "recapture period" means the 15 taxable years beginning with the second taxable year following the taxable year in which the purchase of the principal residence for which a credit is allowed under subsection (a) was made.

**(g) Election to treat purchase in prior year**

In the case of a purchase of a principal residence after December 31, 2008, a taxpayer may elect to treat such purchase as made on December 31 of the calendar year preceding such purchase for purposes of this section (other than subsections (b)(4), (c), (f)(4)(D), and (h)).

**(h) Application of section****(1) In general**

This section shall only apply to a principal residence purchased by the taxpayer on or after April 9, 2008, and before May 1, 2010.

**(2) Exception in case of binding contract**

In the case of any taxpayer who enters into a written binding contract before May 1, 2010, to close on the purchase of a principal residence before July 1, 2010, and who purchases such residence before October 1, 2010, paragraph (1) shall be applied by substituting “October 1, 2010” for “May 1, 2010”.

**(3) Special rule for individuals on qualified official extended duty outside the United States**

In the case of any individual who serves on qualified official extended duty service (as defined in section 121(d)(9)(C)(i)) outside the United States for at least 90 days during the period beginning after December 31, 2008, and ending before May 1, 2010, and, if married, such individual’s spouse—

(A) paragraphs (1) and (2) shall each be applied by substituting “May 1, 2011” for “May 1, 2010”, and

(B) paragraph (2) shall be applied by substituting “July 1, 2011” for “July 1, 2010”, and for “October 1, 2010”.

(Added Pub. L. 110-289, div. C, title I, §3011(a), July 30, 2008, 122 Stat. 2888; amended Pub. L. 111-5, div. B, title I, §1006(a)-(c), (d)(2), (e), Feb. 17, 2009, 123 Stat. 316, 317; Pub. L. 111-92, §§11(a)-(g), 12(a)-(c), Nov. 6, 2009, 123 Stat. 2989-2992; Pub. L. 111-198, §2(a), (b), July 2, 2010, 124 Stat. 1356.)

**PRIOR PROVISIONS**

A prior section 36 was renumbered section 37 of this title.

Another prior section 36, acts Aug. 16, 1954, ch. 736, 68A Stat. 15; Oct. 4, 1976, Pub. L. 94-455, title V, §501(b)(2), title X, §1011(c), title XIX, §1901(b)(1)(A), 90 Stat. 1558, 1611, 1790, directed that credits provided by section 32 not be allowed if an individual elects under section 144 to take standard deduction, prior to repeal by Pub. L. 95-30, title I, §§101(d)(3), 106(a), May 23, 1977, 91 Stat. 133, 141, applicable to taxable years beginning after Dec. 31, 1976.

**AMENDMENTS**

2010—Subsec. (h)(2). Pub. L. 111-198, §2(a), substituted “and who purchases such residence before October 1, 2010, paragraph (1) shall be applied by substituting ‘October 1, 2010’” for “paragraph (1) shall be applied by substituting ‘July 1, 2010’”.

Subsec. (h)(3)(B). Pub. L. 111-198, §2(b), inserted “, and for ‘October 1, 2010’” after “for ‘July 1, 2010’”.

2009—Subsec. (b)(1)(A). Pub. L. 111-5, §1006(b)(1), substituted “\$8,000” for “\$7,500”.

Subsec. (b)(1)(B). Pub. L. 111-5, §1006(b), substituted “\$4,000” for “\$3,750” and “\$8,000” for “\$7,500”.

Subsec. (b)(1)(C). Pub. L. 111-5, §1006(b)(1), substituted “\$8,000” for “\$7,500”.

Subsec. (b)(1)(D). Pub. L. 111-92, §11(c)(1), added subpar. (D).

Subsec. (b)(2)(A)(i)(II). Pub. L. 111-92, §11(c)(2), substituted “\$125,000 (\$225,000)” for “\$75,000 (\$150,000)”.

Subsec. (b)(3). Pub. L. 111-92, §11(d), added par. (3).

Subsec. (b)(4). Pub. L. 111-92, §12(a)(1), added par. (4).

Subsec. (c)(3)(A)(i). Pub. L. 111-92, §12(c), inserted “(or, if married, such individual’s spouse)” after “person acquiring such property”.

Subsec. (e)(6). Pub. L. 111-92, §11(b), added par. (6).

Subsec. (d). Pub. L. 111-5, §1006(d)(2), (e), redesignated pars. (3) and (4) as (1) and (2), respectively, and struck out former pars. (1) and (2) which read as follows:

“(1) a credit under section 1400C (relating to first-time homebuyer in the District of Columbia) is allowable to the taxpayer (or the taxpayer’s spouse) for such taxable year or any prior taxable year,

“(2) the residence is financed by the proceeds of a qualified mortgage issue the interest on which is exempt from tax under section 103.”.

Subsec. (d)(3). Pub. L. 111-92, §11(g), added par. (3).

Subsec. (d)(4). Pub. L. 111-92, §12(b), added par. (4).

Subsec. (f)(4)(D). Pub. L. 111-92, §11(a)(2), inserted “and 2010” after “2009” in heading and struck out “, and before December 1, 2009” after “December 31, 2008” in introductory provisions.

Pub. L. 111-5, §1006(c)(1), added subpar. (D).

Subsec. (f)(4)(E). Pub. L. 111-92, §11(e), added subpar. (E).

Subsec. (g). Pub. L. 111-92, §12(a)(2), inserted “(b)(4),” before “(c)”.

Pub. L. 111-92, §11(a)(3), amended subsec. (g) generally. Prior to amendment, text read as follows: “In the case of a purchase of a principal residence after December 31, 2008, and before December 1, 2009, a taxpayer may elect to treat such purchase as made on December 31, 2008, for purposes of this section (other than subsections (c) and (f)(4)(D)).”

Pub. L. 111-5, §1006(a)(2), (c)(2), substituted “December 1, 2009” for “July 1, 2009” and “subsections (c) and (f)(4)(D)” for “subsection (c)”.

Subsec. (h). Pub. L. 111-92, §11(a)(1), substituted “May 1, 2010” for “December 1, 2009”, designated existing provisions as par. (1), inserted heading, and added par. (2).

Pub. L. 111-5, §1006(a)(1), substituted “December 1, 2009” for “July 1, 2009”.

Subsec. (h)(3). Pub. L. 111-92, §11(f), added par. (3).

**EFFECTIVE DATE OF 2010 AMENDMENT**

Pub. L. 111-198, §2(c), July 2, 2010, 124 Stat. 1356, provided that: “The amendments made by this section [amending this section] shall apply to residences purchased after June 30, 2010.”

**EFFECTIVE DATE OF 2009 AMENDMENT**

Pub. L. 111-92, §11(j)(1)-(3), Nov. 6, 2009, 123 Stat. 2991, provided that:

“(1) IN GENERAL.—The amendments made by subsections (b), (c), (d), and (g) [amending this section] shall apply to residences purchased after the date of the enactment of this Act [Nov. 6, 2009].

“(2) EXTENSIONS.—The amendments made by subsections (a) [amending this section], (f) [amending this section], and (i) [amending section 1400C of this title] shall apply to residences purchased after November 30, 2009.

“(3) WAIVER OF RECAPTURE.—The amendment made by subsection (e) [amending this section] shall apply to dispositions and cessations after December 31, 2008.”

Pub. L. 111-92, §12(e), Nov. 6, 2009, 123 Stat. 2992, provided that:

“(1) IN GENERAL.—Except as otherwise provided in this subsection, the amendments made by this section [amending this section and section 6213 of this title] shall apply to purchases after the date of the enactment of this Act [Nov. 6, 2009].

“(2) DOCUMENTATION REQUIREMENT.—The amendments made by subsection (b) [amending this section] shall apply to returns for taxable years ending after the date of the enactment of this Act [Nov. 6, 2009].

“(3) TREATMENT AS MATHEMATICAL AND CLERICAL ERRORS.—The amendments made by subsection (d) [amending section 6213 of this title] shall apply to returns for taxable years ending on or after April 9, 2008.”

Pub. L. 111-5, div. B, title I, §1006(f), Feb. 17, 2009, 123 Stat. 317, provided that: “The amendments made by this section [amending this section and section 1400C of this title] shall apply to residences purchased after December 31, 2008.”

## EFFECTIVE DATE

Section applicable to residences purchased on or after Apr. 9, 2008, in taxable years ending on or after such date, see section 3011(c) of Pub. L. 110-289, set out as an Effective Date of 2008 Amendment note under section 26 of this title.

**§ 36A. Making work pay credit****(a) Allowance of credit**

In the case of an eligible individual, there shall be allowed as a credit against the tax imposed by this subtitle for the taxable year an amount equal to the lesser of—

- (1) 6.2 percent of earned income of the taxpayer, or
- (2) \$400 (\$800 in the case of a joint return).

**(b) Limitation based on modified adjusted gross income****(1) In general**

The amount allowable as a credit under subsection (a) (determined without regard to this paragraph and subsection (c)) for the taxable year shall be reduced (but not below zero) by 2 percent of so much of the taxpayer's modified adjusted gross income as exceeds \$75,000 (\$150,000 in the case of a joint return).

**(2) Modified adjusted gross income**

For purposes of subparagraph (A),<sup>1</sup> the term “modified adjusted gross income” means the adjusted gross income of the taxpayer for the taxable year increased by any amount excluded from gross income under section 911, 931, or 933.

**(c) Reduction for certain other payments**

The credit allowed under subsection (a) for any taxable year shall be reduced by the amount of any payments received by the taxpayer during such taxable year under section 2201, and any credit allowed to the taxpayer under section 2202, of the American Recovery and Reinvestment Tax Act of 2009.

**(d) Definitions and special rules**

For purposes of this section—

**(1) Eligible individual****(A) In general**

The term “eligible individual” means any individual other than—

- (i) any nonresident alien individual,
- (ii) any individual with respect to whom a deduction under section 151 is allowable to another taxpayer for a taxable year beginning in the calendar year in which the individual's taxable year begins, and
- (iii) an estate or trust.

**(B) Identification number requirement**

Such term shall not include any individual who does not include on the return of tax for the taxable year—

- (i) such individual's social security account number, and
- (ii) in the case of a joint return, the social security account number of one of the taxpayers on such return.

For purposes of the preceding sentence, the social security account number shall not in-

clude a TIN issued by the Internal Revenue Service.

**(2) Earned income**

The term “earned income” has the meaning given such term by section 32(c)(2), except that such term shall not include net earnings from self-employment which are not taken into account in computing taxable income. For purposes of the preceding sentence, any amount excluded from gross income by reason of section 112 shall be treated as earned income which is taken into account in computing taxable income for the taxable year.

**(e) Termination**

This section shall not apply to taxable years beginning after December 31, 2010.

(Added Pub. L. 111-5, div. B, title I, §1001(a), Feb. 17, 2009, 123 Stat. 309.)

## REFERENCES IN TEXT

Sections 2201 and 2202 of the American Recovery and Reinvestment Tax Act of 2009, referred to in subsec. (c), are sections 2201 and 2202 of Pub. L. 111-5, which are set out as notes under section 6428 of this title.

## EFFECTIVE DATE

Pub. L. 111-5, div. B, title I, §1001(f), Feb. 17, 2009, 123 Stat. 312, provided that: “This section [enacting this section, amending sections 6211 and 6213 of this title and section 1324 of Title 31, Money and Finance, and enacting provisions set out as notes under this section], and the amendments made by this section, shall apply to taxable years beginning after December 31, 2008.”

## TREATMENT OF POSSESSIONS

Pub. L. 111-5, div. B, title I, §1001(b), Feb. 17, 2009, 123 Stat. 310, provided that:

“(1) PAYMENTS TO POSSESSIONS.—

“(A) MIRROR CODE POSSESSION.—The Secretary of the Treasury shall pay to each possession of the United States with a mirror code tax system amounts equal to the loss to that possession by reason of the amendments made by this section [enacting this section and amending sections 6211 and 6213 of this title and section 1324 of Title 31, Money and Finance] with respect to taxable years beginning in 2009 and 2010. Such amounts shall be determined by the Secretary of the Treasury based on information provided by the government of the respective possession.

“(B) OTHER POSSESSIONS.—The Secretary of the Treasury shall pay to each possession of the United States which does not have a mirror code tax system amounts estimated by the Secretary of the Treasury as being equal to the aggregate benefits that would have been provided to residents of such possession by reason of the amendments made by this section for taxable years beginning in 2009 and 2010 if a mirror code tax system had been in effect in such possession. The preceding sentence shall not apply with respect to any possession of the United States unless such possession has a plan, which has been approved by the Secretary of the Treasury, under which such possession will promptly distribute such payments to the residents of such possession.

“(2) COORDINATION WITH CREDIT ALLOWED AGAINST UNITED STATES INCOME TAXES.—No credit shall be allowed against United States income taxes for any taxable year under section 36A of the Internal Revenue Code of 1986 (as added by this section) to any person—

“(A) to whom a credit is allowed against taxes imposed by the possession by reason of the amendments made by this section for such taxable year, or

“(B) who is eligible for a payment under a plan described in paragraph (1)(B) with respect to such taxable year.

<sup>1</sup> So in original. Probably should be “paragraph (1),”.