

Child Tax Credit Coming Soon!

Child Tax Credit (CTC)

Under the American Rescue Plan Act of 2021, Congress expanded the Child Tax Credit. This increases the amount that families claiming the Child Tax Credit receive from \$2,000 to

- \$3,600 for each child under 6
- \$3,000 for each child age 6-17

How much money will I get in advance under the new Child Tax Credit rules for 2021?

Eligible families will receive a payment of up to \$300 per month for each child under age 6 and up to \$250 per month for each child age 6 and above.

Advance payments will start on July 15th. The payments will be based on the information included in eligible taxpayers' 2020 tax returns (or their 2019 returns if the 2020 returns are not filed and processed yet).

You can either claim 100% of your 2021 Child Tax Credit on your taxes when you do your 2021 taxes (that's the tax return due in April of 2022), or you can get 50% of that money now in cash and claim the other 50% on your taxes later.

Under the cash payment program, you get six months advance payments from the U.S. Treasury via direct deposit starting in July and running through December of 2021. For example, if you qualify for a \$3,000 Child Tax Credit, you could get six \$250 payments between July and December (for a total of \$1,500) and then claim the remaining \$1,500 on your taxes.

What do I need to do to get advance payments?

The IRS urges people with children to file their 2020 tax returns as soon as possible to make sure they're eligible for the appropriate amount of the CTC in 2021.

Eligible taxpayers do not need to take any action now other than to file their 2020 tax return if they have not done so.

Most payments will be directly deposited into bank accounts on the 15th day of the month from July through December. Families for which the IRS does not have bank account information could receive paper checks or debit cards in the mail.

Eligible taxpayers who do not want to receive advance payment of the 2021 Child Tax Credit will have the opportunity to decline receiving advance payments. Taxpayers will also have the opportunity to update information about changes in their income, filing status or the number of qualifying children. More details on how to take these steps will be announced soon by the IRS.

Income Restrictions

The \$3,000 and \$3,600 tax credits will phase out as the taxpayers reach a certain income level.

These thresholds are:

\$75,000 for single filers,

\$112,500 for head of household filers, and

\$150,000 for married joint filers.

However, if the taxpayer's income is \$200,000 (\$400,000 for married joint filers) then they will still receive the standard \$2,000 child tax credit.

- Families can go to www.childtaxcredit.gov to learn more about monthly payments.
- Even if you didn't file taxes last year, you can still sign up to receive the Child Tax Credit. Find out how here: <https://www.irs.gov/credits-deductions/child-tax-credit-non-filer-sign-up-tool>
- Visit: www.whitehouse.gov/child-tax-credit/ for more resources

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