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Jun. 08, 2021



The Internal Revenue Service has started sending letters to more than 36 million American families who, based on tax returns filed with the agency, may be eligible to receive monthly Child Tax Credit payments starting in July.

The expanded and newly-advanceable Child Tax Credit was authorized by the American Rescue Plan Act, enacted in March. The letters are going to families who may be eligible based on information they included in either their 2019 or 2020 federal income tax return or who used the Non-Filers tool on IRS.gov last year to register for an Economic Impact Payment. Families who are eligible for advance

Child Tax Credit payments will receive a second, personalized letter listing an

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age 6 and up to \$250 per month for each qualifying child ages 6 to 17.The IRS will issue advance Child Tax Credit payments on July 15, Aug. 13, Sept. 15, Oct. 15, Nov. 15 and Dec. 15.

Eligible families should file tax returns soon

The IRS urges individuals and families who haven't yet filed their 2020 return – or 2019 return – to do so as soon as possible so they can receive any advance payment they're eligible for.

Filing soon will also ensure that the IRS has their most current banking information, as well as key details about qualifying children. This includes people who don't normally file a tax return, such as families experiencing homelessness, the rural poor, and other underserved groups.

For most people, the fastest and easiest way to file a return is by using the Free File system, available only on IRS.gov.

Throughout the summer, the IRS will be adding additional tools and online resources to help with the advance Child Tax Credit. One of these tools will enable families to unenroll from receiving these advance payments and instead receive the full amount of the credit when they file their 2021 return next year.

Additionally, later this year, individuals and families will also be able to go to IRS.gov and use a Child Tax Credit Update Portal to notify IRS of changes in their income, filing status, or number of qualifying children; update their direct deposit information; and make other changes to ensure they are receiving the right amount as quickly as possible.

Other tools coming soon

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has been determined to be eligible for advance payments unenroll/ to opt out of the advance payment program. Later this year, it will allow people to check on the status of their payments, make updates to their information, and be available in Spanish. More details will be available soon about the online Child Tax Credit Update Portal.

Child Tax Credit Changes

The American Rescue Plan raised the maximum Child Tax Credit in 2021 to \$3,600 for qualifying children under the age of 6 and to \$3,000 per child for qualifying children between ages 6 and 17. Before 2021, the credit was worth up to \$2,000 per eligible child, and 17 year-olds were not considered as qualifying children for the credit.

The new maximum credit is available to taxpayers with a modified adjusted gross income (AGI) of:

- \$75,000 or less for singles,
- \$112,500 or less for heads of household, and
- \$150,000 or less for married couples filing a joint return and qualified widows and widowers.

For most people, modified AGI is the amount shown on Line 11 of their 2020 Form 1040 or 1040-SR. Above these income thresholds, the extra amount above the original \$2,000 credit — either \$1,000 or \$1,600 per child — is reduced by \$50 for every extra \$1,000 in modified AGI.

In addition, the entire credit is fully refundable for 2021. This means that eligible families can get it, even if they owe no federal income tax. Before this year, the refundable portion was limited to \$1,400 per child.

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