

Child Tax Credit Changes

The American Rescue Plan Act that was enacted in March 2021 included changes to the child tax credit that will impact many taxpayers for 2021. The changes included raising the age of qualifying children from 16 to 17, increasing the amount of the credit, and implementing advance payment of a portion (50%) of the credit. These tax changes are temporary and apply only to the 2021 tax year. The choice to have the child tax credit advanced will affect your refund or amount due when you file your 2021 tax return. This article addresses some of the key provisions of the child tax credit, as well as considerations and action that may need to be taken on your part depending on your personal circumstances.

Qualifications and Credit Amounts

The child tax credit and advance payments are based on several factors, including the age of your children and your income:

- For children ages 5 and younger, the credit is up to \$3,600 per child, with monthly payments of up to \$300.
- For children ages 6 to 17, the credit is up to \$3,000 per child, with monthly payments of up to \$250.

To qualify for the monthly advance payments, you (and your spouse if you file a joint return) must have income below certain thresholds, a qualifying child under the age of 18 at the end of 2021 who has a valid Social Security number, a main home in the United States for more than half the year, and filed a 2019 or 2020 tax return in which the child tax credit was claimed or provided information to the IRS using the non-filer tool. The IRS will issue the advance payments by direct deposit, as long as correct banking information has previously been provided to the IRS; otherwise, a paper check will be mailed. *No action is required for eligible taxpayers to receive the advance payments if a 2019 or 2020 tax return was filed.* The dates for the Advance Child Tax Credit payments are July 15, August 13, September 15, October 15, November 15, and December 15.

You qualify for the full amount of the credit if your modified adjusted gross income is less than \$75,000 for single filers, \$150,000 for married filing jointly filers, or \$112,500 for head of household filers. If your income is above these thresholds, the credit begins to phase out. Married filing jointly couples with \$400,000 or less in income or other filers with \$200,000 or less in income will generally get the same credit as was available under the prior law (generally \$2,000 per qualifying child) but may also choose to receive monthly payments.

IRS Child Tax Credit Update Portal

Using the IRS's [child tax credit update portal](#), taxpayers can update their information to reflect any new information that might impact their child tax credit amount, such as filing status or number of children. Parents may also use the online portal to elect out of the advance payments or check the status of payments. If married filing jointly, both spouses would need to unenroll to completely eliminate the advance payments. The deadline for unenrolling from the advance payment program has already passed for the July 15 payment; the deadline to stop the August 13 payment is August 2. Unenrollment is a one-time action that will stop all subsequent advances.

For more information, the IRS website has [FAQs](#) on a variety of topics related to Advance Child Tax Credit Payments in 2021, including eligibility, updating your information, and unenrolling from advance payments. You may also contact your JTaylor tax advisor to discuss your specific circumstances.