



Advance Child Tax Credit Payments in 2021

**Alert:**

This page will be updated with details as more information becomes available.

There have been important changes to the Child Tax Credit that will help many families receive advance payments starting this summer. The American Rescue Plan Act (ARPA) of 2021 expands the Child Tax Credit (CTC) for tax year 2021 only.

The expanded credit means:

- The credit amounts will increase for many taxpayers.
- The credit for qualifying children is fully refundable, which means that taxpayers can benefit from the credit even if they don't have earned income or don't owe any income taxes.
- The credit will include children who turn age 17 in 2021.
- Taxpayers may receive part of their credit in 2021 before filing their 2021 tax return.

For tax year 2021, families claiming the CTC will receive up to \$3,000 per qualifying child between the ages of 6 and 17 at the end of 2021. They will receive \$3,600 per qualifying child under age 6 at the end of 2021. Under the prior law, the amount of the CTC was up to \$2,000 per qualifying child under the age of 17 at the end of the year.

The increased amounts are reduced (phased out), for incomes over \$150,000 for married taxpayers filing a joint return and qualifying widows or widowers, \$112,500 for heads of household, and \$75,000 for all other taxpayers.

Advance payments of the 2021 Child Tax Credit will be made regularly from July through December to eligible taxpayers who have a main home in the United States for more than half the year. The total of the advance payments will be up to 50 percent of the Child Tax Credit. Advance payments will be estimated from information included in eligible taxpayers' 2020 tax returns (or their 2019 returns if the 2020 returns are not filed and processed yet).

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 as well as any other tax credits they're eligible for, including the Earned Income Tax Credit (EITC). Filing electronically with direct deposit also can speed refunds and future advance CTC payments.

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

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.

The IRS also urges community groups, non-profits, associations, education groups and anyone else with connections to people with children to share this critical information about the CTC. The IRS will be providing additional materials and information that can be easily shared by social media, email and other methods.

The IRS will provide more information about advance payments soon.

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IRS sending letters to more than 36 million families who may qualify for monthly Child Tax Credits; payments start July 15

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WASHINGTON — 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 estimate of their monthly payment, which begins July 15.

Most families do not need to take any action to get their payment. Normally, the IRS will calculate the payment amount based on the 2020 tax return. If that return is not available, either because it has not yet been filed or it has not yet been processed, the IRS will instead determine the payment amount using the 2019 return.

Eligible families will begin receiving advance payments, either by direct deposit or check. The payment will be up to \$300 per month for each qualifying child under 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, August 13, September 15, October 15, November 15 and December 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

The IRS has created a special Advance Child Tax Credit 2021 page at [IRS.gov/childtaxcredit2021](https://www.irs.gov/childtaxcredit2021), designed to provide the most up-to-date information about the credit and the advance payments.

In the next few weeks, the page will also feature other useful new online tools, including:

- An interactive Child Tax Credit eligibility tool to help families determine whether they qualify for the Advance Child Tax Credit payments.
- Another tool, the Child Tax Credit Update Portal, will initially enable anyone who 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.

The IRS urges community groups, non-profits, associations, education organizations, and others with connections to people with children to share this critical information about the Child Tax Credit as well as other important benefits. The IRS will be providing in the near future additional materials and information that can be easily shared by social media, email and other methods.

For the most up-to-date information on the Child Tax Credit and advance payments, visit Advance Child Tax Credit Payments in 2021.