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 for tax year 2021 will receive up to $3,600 per qualifying child between the ages of 6 and 17 at the end of 2021. They will receive $3,000 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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