

THE EXPANDED CHILD TAX CREDIT (CTC) FOR HFNY FAMILIES—MORE MONEY IN POCKETS THIS YEAR!

FREQUENTLY ASKED QUESTIONS SHEET from information gathered from <https://www.irs.gov/credits-deductions/advance-child-tax-credit-payments-in-2021>

And

<https://www.consumerfinance.gov/about-us/blog/get-the-most-out-of-your-tax-refund-in-2021/>

What is this tax credit? The IRS says that this is an expanded tax credit just for 2021 that provides more money for families with eligible children through the American Rescue Plan Act (ARPA) of 2021. Many families can receive advance payments starting this summer.

The expanded and newly-advanceable (meaning advance payments) Child Tax Credit (CTC) was authorized by the American Rescue Plan Act, enacted in March 2021. 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.

How much money will I get? 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.** (Before, it was up to \$2,000 per qualifying child under the age of 17 at the end of the year.)

TIMELINE FOR THE CHILD TAX CREDIT PAYMENTS

Monthly	Maximum payment <i>per child 5 and younger</i>	Maximum payment <i>per child; 6 to 17</i>
July 15: First 2021 check	\$300	\$250
Aug. 13	\$300	\$250
Sept. 15	\$300	\$250
Oct. 15	\$300	\$250
Nov. 15	\$300	\$250
Dec. 15: Last 2021 check	\$300	\$250
April 2022: Second half of payment	\$1,800	\$1,500

From <https://www.cnet.com/personal-finance/payment-schedule-for-child-tax-credit-300-and-250-advance-checks-start-july-15/>

What if I didn't file my taxes in 2019 or 2020; am I still eligible? Yes, but do file your taxes. If you haven't filed your taxes yet, go to <https://www.irs.gov/filing/free-file-do-your-federal-taxes-for-free> or check with your local United Way or call 2 1 1 to find a trustworthy place that can help you with your taxes and won't charge you a lot of money. Also, the credit for qualifying children is fully refundable, which means that taxpayers can benefit from the credit even if you don't have earned income or don't owe any income taxes.

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. Remember, 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 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.

Taxpayers may receive part of their credit in 2021 before filing their 2021 tax return.

What is the payment if my child turned 6 this year? \$3000 for one child. See the table above if you have more than one child or if you have just had a baby in 2021.

How do I sign up? If you filed your taxes in 2020 or even in 2019, you will receive a letter from the IRS. Advance payments of the 2021 Child Tax Credit will be made regularly from July through December to eligible taxpayers who have lived 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 your 2020 tax returns (or your 2019 returns if the 2020 returns are not filed and processed yet).

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.

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.

Will I have to pay taxes on the tax credit? No!

Does this mean I won't get any money back on my taxes if I get the monthly payments? If you want, you will get half of the Child Tax Credit in payments and the rest in 2022. Check with your tax professional on other tax credits, etc., that you may be expecting or eligible for.

What if I don't want the advance payments starting this year and instead want the whole amount next year? 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.

What if my baby was born in 2021, will I get the credit? Yes!

When will I start receiving this extra money? 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. See the table above for more info.

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.

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 your income, filing status, or number of qualifying children; update your direct deposit information; and make other changes to ensure you are receiving the right amount as quickly as possible.

Where can I go from more information? Throughout the summer, the IRS (www.irs.gov) 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.

For more info from trust-worthy sites:

<https://www.irs.gov/credits-deductions/advance-child-tax-credit-payments-in-2021>

<https://www.consumerfinance.gov/about-us/blog/get-the-most-out-of-your-tax-refund-in-2021/>

(Space here for programs to insert local resources, such as United Way.)

For any questions not answered here, contact Christine Callahan at CHSR at ccallahan@albany.edu and she will try to help or point you in the right direction!