



# Advance Child Tax Credit



## LET'S START A CONVERSATION

We'd love to meet you, talk about your financial goals, and see if we're the right fit to help you get there.

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### Advance Child Tax Credit Payments

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

Important changes to the Child Tax Credit will help many families get advance payments of the credit starting this summer. The IRS will pay half the total credit amount in advance monthly payments beginning July 15. You will claim the other half when you file your 2021 income tax return. These changes apply to tax year 2021 only.

To qualify for advance Child Tax Credit payments, you and your spouse, if you filed a joint return, must have:

- Filed a 2019 or 2020 tax return and claimed the Child Tax Credit on the return, or
- Given the IRS your information in 2020 to receive the economic impact payment using the *Non-Filers: Enter Payment Info Here* tool, and
- A main home in the United States for more than half the year (the 50 states and the District of Columbia) or file a joint return with a spouse who has a main home in the United States for more than half the year, and
- A qualifying child who is under age 18 at the end of 2021 and who has a valid Social Security number, and
- Made less than certain income limits.

The IRS will use information you provided to determine if you qualify and automatically enroll you for advance payments. You do not need to take any additional action to get advance payments.

**Caution.** The total amount of the advance Child Tax Credit payments that you receive during 2021 is based on the IRS's estimate of your 2021 Child Tax Credit. If the total advance payment is greater than the Child Tax Credit amount you are allowed to claim on your 2021 tax return, you may have to repay the excess amount on your 2021 tax return. You

may have received an excess credit due to changes in your income, marital status, or number of qualifying children.

**Repayment protection safe harbor.** You may not have to repay some or all of any excess advance Child Tax Credit amount if the excess payment is caused by a change in the number of qualifying children and your income is below a specified amount for your filing status.

The maximum amount of repayment protection is \$2,000 for each qualifying child that the IRS took into account when estimating your advance Child Tax Credit. You qualify for the maximum amount if your modified adjusted gross income (AGI) is at or below the following amounts based on the filing status for your 2021 income tax return.

- \$60,000 if you are married and filing a joint return or filing as a qualifying widow(er).
- \$50,000 if you are filing as head of household.
- \$40,000 if you are a single filer or married and filing a separate return.

As your income increases over the above threshold amount, the amount of the repayment protection decreases. You will not qualify for any repayment protection once your modified AGI reaches the following levels.

- \$120,000 if you are married and filing a joint return or filing as a qualifying widow(er).
- \$100,000 if you are filing as head of household.
- \$80,000 if you are a single filer or married and filing a separate return.

**CTC UP.** Use the IRS *Child Tax Credit Update Portal (CTC UP)* throughout 2021 to help ensure the IRS has the most up to date information about your eligibility for the 2021 Child Tax Credit and to minimize any potential excess payment. You will find the CTC UP at the IRS website listed earlier.



## Advance Child Tax Credit

### Payments Start July 15, 2021

- Eligible families can receive advance payments of up to \$300 per month for each child under age 6 and up to \$250 per month for each child age 6 and above.
- Advance payments begin July 15 and will be sent monthly through December 15 without any further action.
- You can benefit from the credit even if you do not have earned income or you do not owe any income taxes.
- The credit includes children who turn age 17 in 2021.
- The tax credit is expanded to include advance payments for 2021 only.

### Filed Already?

You do not need to take any action now if you have filed a 2020 tax return.

### Haven't Filed Yet?

File your tax return as soon as possible. For people not required to file a tax return and who did not file in 2019 or 2020, visit the special IRS *Non-filers: Submit Your Information* tool for more details and quickly register. You may qualify for the Child Tax Credit and economic impact payments.

**Who should use this tool?** Use this tool to report your qualifying children born before 2021 if you:

- Are not required to file a 2020 tax return, did not file one and do not plan to, and
- Have a main home in the United States for more than half of the year.

Also, if you did not get the full amount of the first and second economic impact payment, you may use this tool if you:

- Are not required to file a 2020 tax return, did not file and do not plan to, and
- Want to claim the 2020 Recovery Rebate Credit and get your third economic impact payment.

### Do not use this tool if you:

- Filed or plan to file a 2020 tax return,
- Claimed all your dependents on a 2019 tax return, including by reporting their information in 2020 using the *Non-Filers: Enter Payment Info Here* tool,
- Were married at the end of 2020 unless you use the tool with your spouse and include your spouse's information,
- Are a resident of a U.S. territory,
- Do not have a main home in the United States for more than half the year and, if you are married, your spouse does not have a main home in the United States for more than half the year, or
- Do not have a qualifying child who was born before 2021 and had a Social Security Number issued before May 17, 2021.

### What you need:

- Full name,
- Current mailing address,
- Email address,
- Date of birth,
- Valid Social Security Numbers (or other taxpayer IDs) for you and your dependents,
- Bank account number, type, and routing number, if you have one, and
- Identity Protection Personal Identification Number (IP PIN) you received from the IRS earlier this year, if you have one.

### Unenroll

If you do not want to receive advance payment of the 2021 Child Tax Credit, you can unenroll from receiving the payments at the Child Tax Credit Update Portal (CTC UP). See *CTC UP*, earlier.

## Contact Us

There are many events that occur during the year that can affect your tax situation. Preparation of your tax return involves summarizing transactions and events that occurred during the prior year. In most situations, treatment is firmly established at the time the transaction occurs. However, negative tax effects can be avoided by proper planning. Please contact us in advance if you have questions about the tax effects of a transaction or event, including the following:

- Pension or IRA distributions.
- Significant change in income or deductions.
- Job change.
- Marriage.
- Attainment of age 59½ or 72.
- Sale or purchase of a business.
- Sale or purchase of a residence or other real estate.
- Retirement.
- Notice from IRS or other revenue department.
- Divorce or separation.
- Self-employment.
- Charitable contributions of property in excess of \$5,000.

This brochure contains general information for taxpayers and should not be relied upon as the only source of authority. Taxpayers should seek professional tax advice for more information.

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