



IMPORTANT CHANGES TO THE CHILD TAX CREDIT

Beginning this week, the IRS will be sending payments to eligible taxpayers for an advance of the Child Tax Credit for tax year 2021, as part of the American Rescue Plan Act enacted in March 2021. Taxpayers generally won't need to do anything to receive any advance payments as the IRS will use the information it has on file to start issuing the payments.

The advance is a prepayment of the credit you may be entitled to on your 2021 tax return when you file it next year. The IRS will pay half of the credit in the form of advance payments beginning on or about July 15, 2021 with monthly payments thereafter. Taxpayers will then claim the other half of the credit when they file their 2021 income tax return.

If you qualify for a child tax credit on your 2021 tax return, there is no harm in you taking the advance payments now. However, keep in mind that any advance payments you receive in excess of the actual credit that calculates on the 2021 tax return will need to be paid back via the tax return filing. Also, be aware that receiving the advance payments will affect any refund you have become accustomed to.

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

- The credit for children ages five and younger is up to \$3,600 – with up to \$1,800 received in monthly payments of \$300.
- The credit for children ages six to 17 is up to \$3,000 – with up to \$1,500 received in monthly payments of \$250.
- Income must be less than certain limits.

More specific information may be found on the IRS website: [*https://www.irs.gov/credits-deductions/advance-child-tax-credit-payments-in-2021*](https://www.irs.gov/credits-deductions/advance-child-tax-credit-payments-in-2021)

On the website, you will also find the IRS's child tax credit and update portal, where you can update your information to reflect any new information that might impact your child tax credit amount, such as filing status or number of children. You may also use the online portal to elect out of the advance payments or check on the status of payments.

Unfortunately, we are unable to use the IRS tools on your behalf. You are responsible for managing your advance payments. Please keep accurate records of the advance credits you receive as part of your 2021 tax return documentation.