



HEALTHY NEIGHBORHOODS HEALTHY FAMILIES
ECONOMIC DEVELOPMENT

Child Tax Credit Update for Clients/Patient Families: Tips for Front-Line Service Providers

As part of the American Rescue Plan approved by Congress earlier in 2021, Child Tax Credits were expanded to a fully refundable \$3,600 for children 5 years old and younger and \$3,000 for children ages 6 to 17 years. The IRS will send monthly advance payments to eligible families starting on July 15.

How will the new advance credit payments work?

Taxpayers will receive half of the tax credit for each qualifying child listed as a dependent on their 2019 or 2020 tax return. They will receive the payment as a monthly advance from July to December 2021. Usually this will mean \$300 per month for each child 5 and under and \$250 per month for each child 6 to 17. The other half of these credits will be claimed when filing taxes during the 2022 tax season. As long as household income is under \$75,000, families will probably qualify for the full amount.

What do our clients/patients need to do?

There are four possible things families might have to do depending on their situation:

- **Do nothing!** If taxpayers filed federal tax returns in 2019 or 2020 and their information is current, they do not need to take any action. They will receive payments in the same way that they received any federal refunds. The first direct deposits will begin arriving around July 15. Paper checks will take a week or two longer.
- **File a 2020 tax return.** If you have families who should have filed taxes for 2020 but still haven't done it, encourage them to do it now. Because this is "off season" for filing, free service availability is spotty.
- **Use the non-filers tool.** If you work with a family that was not required to file taxes in 2019 and 2020, they will need to create an account in the IRS non-filers tool and complete the required information. Families will need to have basic personal information as well as Individual Taxpayer Identification Numbers (ITINs) or Social Security numbers for adults and for children. The non-filer tool can be found at <https://www.irs.gov/credits-deductions/child-tax-credit-non-filer-sign-up-tool>
- **Updates or Withdrawals.** If families have filed but some of their information has changed OR if families want to opt out of receiving the advance payments, they should use the **IRS's Child Tax Credit Update Portal** (<https://www.irs.gov/credits-deductions/child-tax-credit-update-portal>). Important updates include address changes, changes in income, addition of a child not listed on previous tax returns, and changes in direct deposit information. A parent may also want to decline the advance payments if, for example, they know they will not be able to claim a child in 2021 that they have claimed in previous years.

Note: The IRS recommends using the non-filer and Child Tax Credit Update Portal tools on a laptop or PC.

Other tips:

- Go to the **IRS website** (<https://www.irs.gov/credits-deductions/2021-child-tax-credit-and-advance-child-tax-credit-payments-frequently-asked-questions>) and read the FAQs about the Child Tax Credit
- The IRS will not contact a family through email or text. First contact always happens through regular mail. Attempts to get information through other methods are usually scams.
- Advise parents to read and keep any letters they get from the IRS.



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