



THE

# CHILD TAX CREDIT



COMMUNITY  
CHANGE ACTION

## Frequently Asked Questions

### What is the Child Tax Credit?

The child tax credit -- or CTC for short -- is a benefit for families caring for children that has traditionally been provided to families when they file their tax returns.

This year, President Biden and Democrats in Congress expanded the CTC to make it more fair and more helpful for more families.

The credit was increased from \$2000 to up to \$3600 for each child, depending on how old they are. 17 year olds qualify now, too, and all families will get the full credit if they make less than \$112,500 for single parents, and \$150,000 for married couples.

### Who can get the Child Tax Credit?

To get the CTC, you have to care for an eligible child -- called a “dependent”-- who has a social security number.

A dependent doesn't have to be just your own child. Stepchildren, siblings or half-siblings, even nieces, nephews, and grandchildren can qualify, as long as they live with you for at least half of the year. You, or your spouse if you file jointly, must also have a main home inside the U.S. for more than half of the year -- but you don't have to live in just one place, and it doesn't have to be a permanent address.

Parents are not required to have a social security number, but they do have to have at least an Individual Taxpayer Identification Number (ITIN) in order to claim the CTC for their eligible children with social security numbers.

### How can I get CTC benefits?

In order to get the benefits of the CTC, the IRS needs to know about you and your dependents.

- Families that filed taxes in 2019 or 2020, or claimed economic stimulus payments from the IRS last year, will get the payments automatically.
- Families who haven't needed to file a return in the past can sign up for the CTC payments using a new tool on the IRS website, and you can also use it to apply for any stimulus payments you might have missed.
- And if you need to file but haven't, it's not too late -- you can file a return even though the tax deadline has passed.

## When will we get CTC benefits?

- Families used to get the benefit of the CTC at tax time. But since many families would benefit from receiving the CTC right away, there's another important change -- families can get up to half of their CTC benefits in advance.
- That means \$300 each month for each child under the age of 6, and \$250 a month for each child aged 6-17.
- The IRS will pay the advance starting as early as July, and will make payments to families each month, generally on the 15th of the month.
- Families will get the rest of the credit when they file their taxes next year.

## What if I'm worried about getting the payments in advance?

If families prefer to get the CTC benefits in a lump sum, they can opt out of the advance payments and simply claim the credit when they file next year. There is another tool on the IRS website to use to opt out.

## This is described as an advance, will I have to pay it back?

The advance payments are based on estimates that the IRS makes based on the information it has about your family. So, it depends on your circumstances. For most families, if your income and living arrangements haven't changed significantly from when you filed your 2019 or 2020 tax return, you won't have to pay back the advance payments.

When you file your tax return for 2021, you'll calculate the CTC benefits you are eligible for, and compare them to the amounts you've already received. If the amount you got in advance is more than the amount you can claim, then it might reduce your refund, or increase the amount you owe on your return.

But the IRS has created some protections -- called a "safe harbor" -- for taxpayers. Up to \$2000 per child is protected from repayment if you claim someone that it turns out is not eligible as a dependent. Single parents earning less than \$40,000 and married couples with less than \$60,000 qualify for the full safe harbor protection, which phases out as people's income rises.

If your circumstances have changed from when you filed your 2019 or 2020 return - - for example, if your child doesn't live with you anymore -- you might need to repay the advance payments unless the child's other parent or caregiver agrees to let you claim the credit or you disenroll using the update portal.

If your income has changed from when you filed your taxes, and you are concerned about it, you can let the IRS know by using the update portal and it will change the estimate of your advance monthly payments.

**You can also opt out of advance payments and receive the CTC as a lump sum when you file your 2021 tax return.**

**I live in (RHS, Section 8, HUD Mortgaged, Public Housing, TaxCredit etc.) housing and have to do income certification - will this register as income?**

**No -- Child Tax Credit benefits are not considered to be income for any family, so they should not affect the calculation of your rent.**

**I am worried about the Medicaid limit, if I go over, I will lose Medicaid for 6 months, what does that mean?**

**Child tax benefits don't count as income for any family, so getting the CTC will not count toward the income limits for Medicaid or any other federal benefit program.**

**My kids don't live with me, can I claim this?**

**That depends. If you meet the qualifications to apply, and the child lives with you for more than one half of the year and doesn't provide more than half of their own support, and is, or would be, claimed as your dependent, you can claim CTC benefits even if they are not living with you at the moment. If the circumstances surrounding your children's living arrangements are complicated, it's probably best to consult an accountant or an attorney. The IRS is re-opening free volunteer tax prep sites this summer to help people claim the credit -- you can find their sites here:**

**<https://www.irs.gov/newsroom/advance-child-tax-credit-free-tax-prep-days>**

**I am a grandparent raising the kids -- can I claim it?**

**Yes, as long as the child is 17 or under, lives with you for more than one half of the year and doesn't provide more than half of their own support, and is, or would be, claimed as your dependent, you can claim CTC benefits.**