

News Column for Use Week of 6/21/2021
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Expanded Child Tax Credit

As July quickly approaches, details continue to be released on the expanded Child Tax Credit that was enacted by the American Rescue Plan Act in March 2021 to reduce child poverty. The following temporary enhancements to the Child Tax Credit apply for 2021 only.

First, the American Rescue Plan Act increased the Child Tax Credit amount from \$2,000 per eligible child to \$3,600 for those under age 6 and \$3,000 for dependents age 6 through 17. The Child Tax Credit was expanded to include 17-year-old dependents. It was also altered to be fully refundable instead of being limited per child depending on the taxpayer's liability as in past years.

One of the most talked about pieces of the American Rescue Plan Act in reference to the Child Tax Credit is the advance payments that are scheduled to begin July 15th, 2021. From July to December 2021, eligible individuals/families will receive a monthly payment of the advanced Child Tax Credit.

Eligibility requirements, including income thresholds, and additional questions and answers can be found online at <https://www.irs.gov/credits-deductions/advance-child-tax-credit-payments-in-2021>.

The monthly amount is \$300 per eligible child under age 6 and \$250 per eligible child age 6-17. The payment dates are scheduled for July 15, August 13, September 15, October 15, November 15, and December 15 via direct deposit if a bank account is on file with the IRS. The advanced payment of the tax credit will be reconciled when filing your 2021 taxes during the 2022 tax season to claim any additional credit or potentially repay any excess credit.

The advanced payment will be based on 2020 tax filings or 2019 if 2020 is not available. The IRS created an online sign-up tool to assist those that need to update or provide information. Additional details and the system can be found online at <https://www.irs.gov/credits-deductions/child-tax-credit-non-filer-sign-up-tool>.

Families will have the option to opt-out of the advance Child Tax Credit to receive their eligible amount while filing 2021 taxes, but that online tool has not been created yet and is expected to be released soon.

With so many provisions with the Child Tax Credit in 2021 and family situations all varying greatly, if you have questions on your specific situation, please contact Monica Thayer, Family Resource Management Extension Agent at 785-527-5084 or mthayer@ksu.edu.

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