

## Advance Child Tax Credit Payments

The American Rescue Plan Act (ARPA) of 2021 has provided many tax changes in the wake of the pandemic. One that will be affecting many taxpayers soon is the Advance Child Tax Credit Payments to begin being paid out to qualifying families in July 2021. Here are the available details currently:

1. The credit has been changed to fully refundable. This means that you are still eligible even if you do not have earned income or owe any income taxes.
2. The credit has increased in amount received for qualifying children. Qualifying child under the age of 6 provide a credit of up to \$3,600/year and age 6 to 17 provide a credit of up to \$3,000/year.
3. Up to 50% of the credit will be provided to qualifying families between the months of July and December 2021 based on your 2020 tax return (or 2019 if last filed). This means \$300/month for every qualifying dependent under the age of 6 and \$250/month for every qualifying dependent from the age of 6 to 17.
4. There is an income phase-out limitation for incomes over \$150K married filing jointly (and qualifying widows or widowers), \$112.5K for head of households and \$75K for all other taxpayers.
5. In the event that you would like to opt out of the advance child tax credit payments, the IRS is working on a portal to allow taxpayers to decline the advance payments until their tax return is filed in 2022. The planned launch date of the portal is July 1<sup>st</sup>.

**If your income in 2021 will be higher than 2020 or your dependency situation is different (lower), there may be a payback of the advance child tax credit that you did not qualify for on your 2021 return filed in 2022. This is different than the stimulus payments as those were not required to be paid back if you got more than you qualified for. In order to avoid this, plan to enter your updated information in the portal as soon as it is available.**

As of now, the planned start date of the advance child tax credit payments is July 15<sup>th</sup>. There is still information to be released by the IRS before this process begins. Stay tuned!

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