

Child Tax Credit Payments and Recovery Rebate Credit

By Annie Schurman

Two things that you will need to make sure to have ready when filing your 2021 tax return are any advanced child tax credits you received in 2021 and if you received your third stimulus check in 2021.

If you received advance child tax credit payments, when you file your 2021 tax return, you will need to compare those that you received during 2021 with the amount of the Child Tax Credit that you can properly claim on your 2021 tax return.

If you received less than the amount that you're eligible for, you'll claim a credit for the remaining amount of Child Tax Credit on your 2021 tax return. If you received more than the amount that you're eligible for, you may need to repay some or all of that excess payment when you file.

In January 2022, the IRS will send you Letter 6419 to provide the total amount of advance Child Tax Credit payments that you received in 2021. You need to keep this and any other IRS letters you received about advance CTC payments you received and get them to your tax preparer.

Individuals who didn't qualify for third Economic Impact Payment or did not receive the full amount may be eligible for the Recovery Rebate Credit based on their 2021 tax situation.

If you received the full amount for your third Economic Impact Payment, you won't include any information about it when you file your 2021 tax return. If you're eligible, you'll need to file a 2021 tax return even if you don't usually file to claim the Recovery Rebate Credit if you didn't get the full amount of the third Economic Impact Payment.

In early 2022, the IRS will send you Letter 6475 to provide the total amount of the third Economic Impact Payment and any Plus-Up payments that you received. You need to keep this and any other IRS letters you received about your stimulus payments and get them to your tax preparer.

Remember, only eligible individuals who did not qualify for a third Economic Impact Payment or did not receive the full amount should claim the Recovery Rebate Credit on a 2021 tax return. You cannot include amounts of missing first or second stimulus payments on your 2021 return.

Thanks,

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