



*Updated: June 10, 2021*

## **The American Rescue Plan**

### **Fact Sheet and Frequently Asked Questions about the Child Tax Credit Portals**

The American Rescue Plan Act authorized the Internal Revenue Service (IRS) to issue periodic advance payments of the 2021 Child Tax Credit (CTC). On July 15, 2021, the IRS will begin sending advance monthly payments to Americans who are eligible to receive the CTC. Payments will be made on the 15th of each month through December, unless the 15th falls on a weekend or holiday.

#### **Payment Amount**

From July through December 2021, eligible families will receive advance monthly payments totaling as much as \$1,800 per qualifying child under the age of 6 and \$1,500 per qualifying child under the age of 18. The advance payments total one-half of the 2021 CTC. Families will receive the remainder of their CTC when they file their 2021 tax return.

#### **IRS Portals**

The IRS is creating two portals related to the advance monthly CTC payments:

The first portal will allow eligible Americans who have a 2020 or 2019 tax return that has been processed by the IRS to provide updated information, such as a change in the number of qualifying children, a change in marital status, or a significant change in income. The portal also will allow individuals to opt out of receiving advance monthly payments altogether. Individuals who used the IRS's non-filer portal last year to receive an Economic Impact Payment (EIP) are deemed to have filed a 2019 tax return and will be able to access this portal.

The second portal will allow eligible non-filers (i.e., individuals who do not have a 2020 or 2019 tax return on file with the IRS, did not use the EIP non-filer portal, and are below the tax return filing threshold) to provide necessary information to the IRS.

The portals are expected to open in June.

## **Delivery of Payments**

Payments will be delivered by direct deposit or paper check. The IRS expects approximately 80 percent of payments to be delivered by direct deposit, based on banking information the agency already has on file.

## **Frequently Asked Questions**

### **What is the Child Tax Credit (CTC), and why is the Internal Revenue Service (IRS) issuing advance monthly payments at this time?**

The CTC is a tax credit created in 1997 to help working families offset the cost of raising children. The American Rescue Plan Act, passed by Congress and signed by President Biden earlier this year, increased the amount of the CTC for 2021 to \$3,600 per qualifying child under the age of 6 and \$3,000 per qualifying child under the age of 18.

The American Rescue Plan Act also authorized the IRS to send eligible families periodic advance payments of their 2021 CTC. This will help put money into the pockets of hardworking parents sooner. From July through December 2021, eligible families should expect to receive advance payments totaling up to one-half of the full CTC amount for which they are eligible this year.

### **How large are the advance monthly payments?**

From July through December 2021, eligible families will receive advance monthly payments totaling as much as \$1,800 per qualifying child under the age of 6 and \$1,500 per qualifying child under the age of 18. These advance payments total one-half of the 2021 CTC. Families will receive the remainder of their CTC when they file their 2021 tax return.

### **Who counts as a qualifying child?**

For purposes of the CTC, a “qualifying child” can be a biological child, adopted child, stepchild, half-sibling, foster child, grandchild, niece or nephew, or certain other relatives. However, any qualifying child must (i) have a Social Security number (SSN), (ii) live with you at least half the year, (iii) be under the age of 18 as of December 31, 2021, and (iv) be claimed as a dependent on your tax return.

### **How will my payment amount be calculated?**

If your 2020 tax return has been processed by the IRS, your advance monthly payments will be calculated based on that return. If, since filing your processed 2020 return, you have experienced a change in the number of qualifying children, a change in marital status, or a

significant change in income, you will be able to provide the IRS updated information through a portal that is opening in June.

If your 2020 tax return has not been processed, the IRS will use your 2019 tax return (if it has been processed). If, since filing your 2019 return, you have experienced a change in the number of qualifying children, a change in marital status, or a significant change in income, you will be able to provide the IRS updated information through the portal. (Individuals who used the IRS's non-filer portal last year to receive an Economic Impact Payment (EIP) are deemed to have filed a 2019 tax return.)

The IRS also will open a second, separate portal in June to allow eligible non-filers (i.e., individuals who do not have a 2020 or 2019 tax return on file with the IRS, did not use the EIP non-filer portal, and are below the tax return filing threshold) to provide necessary information to the IRS.

### **What is the difference between the two new IRS portals?**

The IRS is creating two portals related to the advance monthly CTC payments:

The first portal will allow eligible Americans who have a 2020 or 2019 tax return that has been processed by the IRS to provide updated information, such as a change in the number of qualifying children, a change in marital status, or a significant change in income. The portal also will allow individuals to opt out of receiving advance monthly payments altogether. Individuals who used the IRS's non-filer EIP portal last year are deemed to have filed a 2019 tax return and will be able to access this portal.

The second portal will allow eligible non-filers (i.e., individuals who do not have a 2020 or 2019 tax return on file with the IRS, did not use the EIP non-filer portal, and are below the tax return filing threshold) to provide necessary information to the IRS.

The portals are expected to open in June.

### **What if I had an increase in the number of qualifying children in 2020 and my 2020 return has not been processed?**

If your 2020 tax return has not been processed, the IRS will use your 2019 return to calculate your advance monthly payment. Therefore, if you had an increase in the number of qualifying children in 2020, you may not automatically receive a payment for those additional children. You will be able to provide the IRS with updated information on your family size through one of the portals that is opening in June.

### **What if I have an increase in the number of qualifying children in 2021?**

If you have an increase in family size in 2021, you should be able to provide the IRS updated information through one of the new portals. Any CTC amounts that remain unpaid can be claimed when you file your 2021 tax return next year.

### **When will the advance monthly payments be made?**

On July 15, 2021, the IRS will begin sending advance monthly payments to Americans who are eligible to receive the CTC. Subsequent payments will be made on August 13, September 15, October 15, November 15, and December 15.

### **Do I need to do anything to receive my payments?**

The IRS is working to deliver advance monthly payments automatically to most eligible Americans and began mailing letters to 36 million eligible families the week of June 7, 2021. For most Americans, your payment amount will be determined by your 2020 return, if processed, or your 2019 return (if it has been processed).

If you recently have experienced a change in the number of qualifying children, a change in marital status, or a significant change in income, you will need to provide the IRS with updated information in order to receive accurate payments. The IRS will open a portal in June that will allow you to provide updated information.

The IRS also will open a separate portal in June to allow eligible non-filers (i.e., individuals who do not have a 2020 or 2019 tax return on file with the IRS, did not use the EIP non-filer portal, and are below the tax return filing threshold) to provide necessary information to the IRS.

### **Should I expect my payment electronically or in the mail?**

Payments will be delivered by direct deposit or paper check. The IRS expects approximately 80 percent of payments to be delivered by direct deposit, based on banking information the agency already has on file.

### **What if I do not wish to receive advance CTC payments?**

In June, the IRS will open a portal that will allow individuals to opt out of receiving advance monthly CTC payments altogether. (This is the same portal that will allow individuals to provide updated information to the IRS.)

### **I did not file a tax return in 2020 or 2019. Am I eligible for the advance monthly CTC payments?**

Yes. One of the portals that the IRS will open in June will allow eligible non-filers (i.e., individuals who have not filed a 2020 or 2019 tax return with the IRS, did not use the EIP non-

filer portal, and are below the tax return filing threshold) to provide necessary information to the IRS.

**Are families eligible for CTC payments when some (but not all) members have SSNs?**

To claim the CTC, the taxpayer must have an SSN or an Individual Taxpayer Identification Number (ITIN). To receive payment for a qualifying child, that child must have an SSN.