



Updated: March 30, 2021

The American Rescue Plan

Expanded Child Tax Credit (CTC) for 2021: How It Works

The American Rescue Plan provides direct payments in the form of a 'child allowance' to every low-income family. Rep. Sewell has been fighting in Congress for years to provide these payments for families and to uplift Alabamians out of poverty. These payments are an expansion of the Child Tax Credit, a program which previously excluded millions of low-income children but is now expected to benefit 1 million more children throughout Alabama.

This year, families will receive \$3,600 per child under 6 years old, and \$3,000 per child between the ages of 6 and 17. Single taxpayers with less than \$75,000 in income and married couples earning up to \$150,000 in income are eligible for the full benefit. We expect the payments will be made on a recurring monthly basis beginning in July, with families receiving a check each month of up to \$300 per child. Families will receive checks monthly between July and December and will receive the remainder of their benefit as a lump sum in their 2021 tax filing.

The IRS will use your 2019 or 2020 tax return to determine eligibility for the child allowance. If you are typically a non-filer, you are encouraged to use the [IRS Free File](#) tool to submit a return for this year and ensure you receive your benefits under the American Rescue Plan in a timely manner. We anticipate the IRS will establish a process for notifying the agency of your eligibility for the child allowance, and we will update this page as that information becomes available.