



# DON'T TAX YOURSELF

A Publication of Bowditch & Dewey's Estate, Financial & Tax Planning Group

## Will You Receive Child Tax Credit Advance Payments?

BY KATHERINE R. DORVAL • JULY 14, 2021

Beginning on July 15, 2021, you may start receiving Child Tax Credit advance payments from the IRS. These payments are advancements against half of your 2021 Child Tax Credit, so if you do receive these payments, they will likely reduce your 2022 refund. A total of six equal monthly installments will be made from July 15, 2021 to December 15, 2021 to the qualifying taxpayers described below.

This stimulus was part of the American Rescue Plan, which also increased the Child Tax Credit from \$2,000 to \$3,600 for each child under six years old and to \$3,000 for each child from the age of six to 17; therefore, for each qualifying child under age six, you will receive up to \$1,800 in advance (equaling a \$300 monthly payment), and for each qualifying child from age six to 17, you will receive up to \$1,500 in advance (equaling a \$250 monthly payment).

To qualify for the advance credit payments, you (and your spouse, if you file jointly) must have:

1. Filed a 2019 or 2020 tax return and claimed the Child Tax Credit on the return or given the IRS your information in 2020 to receive the Economic Impact Payment using the Non-Filers tool on the IRS website,
2. A main home in the U.S. for more than half of the year,
3. A qualifying child who is under the age of 18 at the end of 2021 and who has a valid social security number, and
4. Made less than certain income limits.

Parents with modified adjusted gross income ("MAGI") in 2021 exceeding the below limits will see the Child Tax Credit begin to incrementally phase out (i.e., reduced from the initial \$3,600/\$3,000 total credit by \$50 for each \$1,000 or fraction thereof by which the MAGI exceeds the threshold):

- \$150,000 if married and filing a joint return or if filing as a qualifying widow or widower;
- \$112,500 if filing as head of household; or

- \$75,000 if you are a single filer or are married and filing a separate return.

However, the Child Tax Credit will not be reduced below \$2,000 per child unless your MAGI exceeds:

- \$400,000 if married and filing a joint return; or
- \$200,000 for all other filing statuses.

The IRS will base your Child Tax Credit on your most recent return. If you want to check your eligibility, manage your credit or opt out of the advancements, visit the [IRS website](#).