

*This publication includes information as of August 26, 2021.
Please also monitor on.nyc.gov/ChildTaxCredit.*

Child Tax Credit FAQs

To help families during the COVID-19 pandemic, the U.S. government made changes to the Child Tax Credit. Families can get half of the fully refundable credit—worth up to \$3,600 per child—as monthly payments in 2021 and the other half as a part of their refund in 2022.

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I. About the Child Tax Credit

What is the Child Tax Credit?

The Child Tax Credit (CTC) helps families afford the everyday expenses of raising a child. Before 2021, it was paid once a year at tax time as a portion of a family's tax refund or, if they owed taxes, applied against any amount due to the Internal Revenue Service (IRS). In July 2021, families started receiving half of the CTC as monthly advance payments and they will receive the second half when they file their taxes in 2022.

What are the changes to the Child Tax Credit?

The American Rescue Plan Act (ARP), signed into law in March 2021, updated the CTC for the 2021 tax year. This update made four major changes to the tax credit.

- **Credit Value:** The maximum credit value was increased from \$2,000 to \$3,600 per year for each child age 0-5 and to \$3,000 per year for each child age 6-17.
- **Age:** The eligibility age was increased from age 16 to age 17. Children who turn 17 during the calendar year are eligible, but children who turn 18 during the calendar year are not eligible.
- **Payment:** The credit was adjusted so that half is paid in monthly increments, with the remaining half paid at tax time, either as part of a refund or to reduce the amount of taxes owed.
- **Refundability:** The credit was made fully refundable, meaning that the full-credit amount will be paid if the filer does not owe taxes.

Who is eligible for the Child Tax Credit?

The 2021 Eligibility Requirements include:

- **Income:** To receive the **maximum** credit, your adjusted gross income (AGI) on your latest tax return must be:
 - \$75,000 or less for single filers or married couples filing separately
 - \$112,500 or less for heads of household
 - \$150,000 or less for married couples filing a joint return or qualifying widows or widowers.

Payments will begin to phase out for incomes above those AGI amounts and stop at an income of \$240,000 for single filers or married couples filing separately and heads of households; and \$440,000 for married couples.

Note: There is no minimum income requirement.

- **Relationship:** Qualifying children must be your child, stepchild, grandchild, eligible foster child, adopted child, sibling, niece, or nephew.
- **Social Security Number:** The child must have a Social Security Number (SSN) *or* Adoption Tax Identification Number (ATIN). The filer may use an SSN *or* Individual Taxpayer Identification Number (ITIN).
- **Living Situation and Support:** The child must live with the filer for more than half of the year in the U.S. and be claimed as a dependent on your tax return. The child cannot provide more than half of their own financial support.

Note: Only one parent can claim a child for the CTC. If possible, we urge caregivers in shared custody situations to discuss who will claim the child to avoid filing issues.

How do the advance monthly Child Tax Credit payments work?

The IRS has/will issue advance monthly payments for tax year 2021 CTC on July 15, August 13, September 15, October 15, November 15 and December 15. Payments will be made either by mail (paper check or prepaid debit card) or by direct deposit to your bank account using the information the IRS has on file.

The advance payments will be up to 50% of a filer's total CTC split into equal monthly payments – up to \$300 per month for each qualifying child under the age of 6 and up to \$250 per month for each qualifying child between the ages of 6 and 17. Filers will receive the remaining 50% when they file their tax year 2021 return in 2022, as either part of their refund or to reduce any taxes owed.

Table of CTC Payments (Maximum Values)								
Age of Child	July 15 th	August 13 th	September 15 th	October 15 th	November 15 th	December 15 th	File 2021 Taxes	Total
0-5	\$300	\$300	\$300	\$300	\$300	\$300	\$1,800	\$3,600
6-17	\$250	\$250	\$250	\$250	\$250	\$250	\$1,500	\$3,000

The IRS will determine eligibility and estimate advance payments using the latest information filers have submitted, including from:

- An eligible filer’s 2020 federal tax return (or their 2019 return if the 2020 return is not yet filed or processed).
- Information submitted via the IRS Non-filers tool in 2020 to register for Economic Impact Payments (federal stimulus payments).

How do I claim or sign up for the Child Tax Credit?

Most families will automatically receive advance payments. There is no additional action needed to sign up for the advance payments if someone has already filed a 2019 or 2020 federal tax return or used the IRS Non-filers tool in 2020 to sign up for Economic Impact Payments (federal stimulus payments). However, for those whom the IRS does not have information for there are two ways to sign up:

- **Option 1: File a 2020 tax return for free with NYC Free Tax Prep (nyc.gov/TaxPrep)** as soon as possible. Filing a return ensures you also get additional tax credits you may be eligible for, including the Earned Income Tax Credit (EITC) and Child and Dependent Care Credit (CDTC), and any applicable federal stimulus payments. If you haven’t filed in the last few years (tax years 2018, 2019, or 2020), it’s also not too late to claim significant tax credits for those tax years.

***Reminder:** The fastest way to get payment is by direct deposit to a bank account. An NYC Financial Empowerment Center counselor can help you open a safe and affordable bank account if you don’t have one. Book an appointment at nyc.gov/TalkMoney.*

- **Option 2 (only available to those without a filing requirement*):** Enter your information using the **IRS Child Tax Credit Non-Filer Sign-Up Tool (irs.gov/childtaxcredit2021)**. This tool can also be used to claim the 2020 Recovery Rebate Credit to get any amount owed to you from the first and second federal stimulus payments and to claim your third stimulus payment. You will need the following pieces of information to sign up using this method:
 - Full name
 - Current mailing address
 - Email address

- Date of birth
- Valid Social Security numbers (or other taxpayer IDs) for you and your dependents
- Bank account number, type and routing number, if you have one
- Identity Protection Personal Identification Number (IP PIN) you received from the IRS earlier this year, if you have one

*You are required to file a return if your 2020 adjusted gross income exceeds \$12,400 for individual filers; \$18,650 for heads of households; and \$24,800 for married filers filing jointly.

II. Child Tax Credit Eligibility

Do parents need a Social Security Number to get the Child Tax Credit for their family?

No, you do not need a Social Security Number. You may file or use the IRS Non-Filer portal with an Individual Taxpayer Identification Number (ITIN). However, the children you are claiming must have a social security number to be eligible.

If you do not have an ITIN, you can get help applying for one at select NYC Free Tax Prep sites. Learn more at nyc.gov/TaxPrep.

Do families need income to receive the Child Tax Credit?

No. Families without any income are eligible for the full credit.

Can parents who share custody of a child both get the Child Tax Credit?

No. Only one parent can claim a child for the Child Tax Credit (and on their tax return). Whoever the child lives with for the majority of the year, or more than six months, is the parent or caregiver who should claim the child. If possible, it's best practice for caregivers in a shared custody situation to discuss who will claim the child to avoid problems.

III. Claiming the Child Tax Credit

What help does the City offer to claim the Child Tax Credit?

An IRS certified Volunteer Income Tax Assistance (VITA)/Tax Counseling for the Elderly (TCE) volunteer preparer with NYC Free Tax Prep can guide you on how to get your payments. Services are available year-round. For information or to book an appointment, visit nyc.gov/TaxPrep.

An NYC Financial Empowerment Center counselor can help you set up a bank account and update your records with the IRS to make sure you get accurate payments. Financial counseling is available in person and by phone. For more information, visit nyc.gov/TalkMoney.

What services are available to help non-English speakers access the Child Tax Credit?

NYC Free Tax Prep providers offer tax filing and non-filer sign-up services in several languages. For more information, visit nyc.gov/TaxPrep.

How do I update or correct my information with the IRS?

Filers can use the **IRS Child Tax Credit Update Portal** (irs.gov/childtaxcredit2021) to ensure the IRS has the most up-to-date information so they are receiving the right credit amount as quickly as possible. Currently, the tool can be used to check if you are enrolled to receive advance payments, to update your address, and to add or update direct deposit information. Eligible filers who do not want to receive CTC advance payments may also use this portal to decline receiving advance payments and instead receive the full amount of the credit when they file their 2021 federal tax return in 2022. To use the Update Portal, you will need to set up an IRS account or use ID.me.

To set up an **IRS account**, you will need:

- Email address
- Social Security Number (SSN) or Individual Tax Identification Number (ITIN)
- Tax filing status and mailing address
- One financial account number linked to filer's name:
- Credit card, student loan, mortgage or home equity loan, home equity line of credit, or auto loan
- Mobile phone linked to filer's name (for faster registration) or ability to receive an activation code by mail

To set up an **ID.me account**, you will need:

- Email address
 - Social Security Number (SSN) or Individual Tax Identification Number (ITIN)
 - Photo ID (Driver's License, Passport, Passport Card, or State ID)
 - Mobile Phone or Computer with Camera
- ID.me will take a photo with facial recognition to verify the identity of the person logging-in with the photo ID submitted. For more information on ID.me, visit id.me Setting up an IRS account does not involve use of facial recognition – it is only used for ID.me accounts.*

The IRS is working to add more functions. Later this summer, families can use it to notify the IRS of changes to their income, filing status (marriage), or number of qualifying children and re-enroll if you've previously un-enrolled.

IV. Advance Payments

Will my refund be smaller if I receive advance Child Tax Credit payments?

Maybe. This depends on the amount of the refundable credit you previously received. The *total* amount of the tax credit has increased, and you are getting more money *over time*.

For example:

Family with one child under 6, receiving the maximum credit amount

	Old Child Tax Credit	New Child Tax Credit	Difference
Advance Payments	\$0	\$1,800 <i>(\$300 monthly from July-December 2021)</i>	\$1,800 more
Credit at Tax Filing	\$2,000	\$1,800	\$200 less
Total Credit Amount	\$2,000	\$3,600	\$1,600 more

What should a family without a permanent or reliable address do to receive their payments?

Families can receive their payments by direct deposit or by mail. They can enter their information using the IRS Child Tax Credit Update Portal (irs.gov/childtaxcredit2021).

- **Direct deposit** is the fastest safest way to receive payments. An NYC Financial Empowerment Center counselor can help you open a safe and affordable bank account, including those that accept IDNYC, if you don't have one. Book an appointment at nyc.gov/TalkMoney.
- Families can use the address of a trusted relative or friend or a shelter or drop-in center to receive their payments (checks or pre-paid debit cards) **by mail**.

Can families “opt out” of advance payments?

Yes, they can opt out using the IRS Child Tax Credit Update Portal (irs.gov/childtaxcredit2021).

Can families who have opted out of advance payments opt back in (re-enroll)?

Yes, families who opted out will be able to re-enroll using the IRS Child Tax Credit Update Portal (irs.gov/childtaxcredit2021) in late summer.

What should families do if their tax and/or financial situation has significantly changed since they filed their last tax return to ensure they get the correct amount?

Families can update the number of dependents they have, their marital status, their income information using the IRS Child Tax Credit Update Portal (irs.gov/childtaxcredit2021) starting in late summer.

What should families do if they want to receive a check or pre-paid debit card, but their address has changed?

Families can update their address using the IRS Child Tax Credit Update Portal (irs.gov/childtaxcredit2021). They will need to create an account with the IRS. Updates must be made at least 3 days before the end of the month to impact the next month's payment.

What if I do not receive advance payments?

Families who opt out of advance payments or who otherwise do not receive the advance payment can claim the full credit amount by filing a 2021 tax return in early 2022.

How can I check the status of a payment?

Families can check the status of their payments, including the method of payment and amount of payment, using the IRS Child Tax Credit Update Portal (irs.gov/childtaxcredit2021).

V. Common Concerns

Is the Child Tax Credit taxable?

No. The Child Tax Credit is not income.

Will receiving the Child Tax Credit impact eligibility for other federal benefits?

No. Receiving the Child Tax Credit will not impact eligibility for other programs like the Supplemental Nutrition Assistance Program (SNAP).

If a family owes taxes to a state or the federal government will their Child Tax Credit payments be reduced?

No. Advance Child Tax Credit payments will not be reduced. However, if you receive a refund when you file your 2021 tax return, any remaining Child Tax Credit amounts included in your refund may be used offset for tax debts or other federal or state debts you owe.

If a family member owes child support will the Child Tax Credit payments be reduced?

No. Advance Child Tax Credit payments will not be reduced. However, if you receive a refund when you file your 2021 tax return, any remaining Child Tax Credit amounts included in your refund may be subject to offset for child support debt.

What happens if a family mistakenly receives more Child Tax Credit money than they should have?

For parents with low incomes, below \$40,000 on a single return, \$50,000 on a head-of-household return, and \$60,000 on a joint return, \$2,000 of the amount paid per child will be protected and will not have to be repaid. Any amount over that may have to be repaid.

The protection on repayment phases out for those earning more than \$80,000 on a single return, \$100,000 on a head-of-household return, and \$120,000 on a joint return. Those who are not protected will have to pay the money back to the IRS.

This protection means that parents who correct any mistakes in claiming advance payments when they file their taxes in 2022 would not be required to repay those funds if their income is below these limits.

What should a parent do if they find out their child has been claimed wrongfully by another person?

They should inform the IRS. Find more information at irs.gov/identitytheft.

VI. Trainings

My organization would like to help inform eligible New Yorkers about the CTC, how can I learn more?

For a recorded training on how to discuss the CTC and support access, visit bit.ly/CTCTraining2021, and use password 2021ChildTaxCredit. To request a dedicated training session for your staff, contact nyctaxinitiative@dca.nyc.gov.