



Advance Child Tax Credit Payments

The IRS has begun depositing the 2021 Advance Child Tax Credit funds into taxpayers' bank accounts which has resulted in some confusion. Below are some FAQ's about the expanded child tax credit payment.

Q: Is this another stimulus check?

A: No, this is an advance on a 2021 Child Tax Credit. Any amounts received reduce the credit available on the 2021 tax return. If you receive the funds and aren't eligible, they will be repaid on your 2021 tax return. If you don't receive the funds and are eligible, you will receive a credit on your 2021 tax return.

Q: How much is the 2021 Child Tax Credit?

A: The child tax credit was increased from \$2,000 per child to \$3,600 per child for children under the age of 6 and \$3,000 per child for children between ages 6 and 17. This is the original \$2,000 credit and a \$1,600 or \$1,000 increase depending on the age of the child. The \$1,600 and \$1,000 increases are phased out for incomes over \$150,000 (married filing joint) and \$75,000 (single). The original \$2,000 credit is phased out at \$400,000 (married filing joint) and \$200,000 (single).

Q: How much are the payments?

A: Starting this month, the advance payments are 50% of the 2021 Child Tax Credit as estimated by the IRS. The IRS will use information from 2020 and 2019 tax returns and their estimate likely could be incorrect.

Example: 2020 return Married filing joint return was filed with income of \$150,000 and two children, ages 4 and 6. The total 2021 credit is estimated to be \$6,600 (\$3,000 + \$3,600). The monthly advance is 50% of that amount which is \$3,300 for a monthly payment of \$550 (\$3,300 divided by 6)

Q: How can I determine if I'm eligible? How can I unenroll or provide updated bank account information?

A: Follow this link and select "Manage Advanced Payments" <https://www.irs.gov/credits-deductions/child-tax-credit-update-portal>

Q: I am unable to setup an account, what do I do?

A: The only option is to try to call the IRS (1-800-829-1040) but we recommend waiting as the IRS is behind and phone lines are often unavailable.

Q: What else do I need to know?

A: If you received these advanced payments, keep track of them. Make sure they are not deposited in your business account as they are small enough that they could be missed and incorrectly taxed as income. If you receive any advanced payments you will need to provide the information to us when we prepare your 2021 tax return.

Stay safe and healthy.

Rosen & Associates, LLP



[About Us](#)

[Affiliates](#)

[Publications](#)

[News](#)

[Contact Us](#)

Rosen & Associates, LLP

1800 West Park Drive, Suite 300

Westborough, MA 01581

508-926-2400

[Reach Out To Us](#)

