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# Balance sheet

## Advance Child Tax Credit Payments

By Thomas Tomlins

The advance Child Tax Credit payments are early payments from the IRS of 50 percent of the estimated amount of the Child Tax Credit that you may properly claim on your 2021 tax return during the 2022 tax filing season. If the IRS has processed your 2020 tax return or 2019 tax return, these monthly payments will be made starting in July and through December 2021, based on the information contained in that return. As long as the IRS has processed your 2020 or 2019 return, you generally will receive these payments automatically without needing to take any additional action. The IRS will begin disbursing Advance Child Tax Credit payments on July 15<sup>th</sup>. The advance Child Tax Credit payment amounts are not based on the Credit for Other Dependents, which is not refundable.

Your advance Child Tax Credit payment amounts are determined by estimating the amount for the Child Tax Credit that you will claim on your 2021 tax return during the 2022 tax filing season. For tax year 2021, the Child Tax Credit has been increased from \$2,000 per qualifying child to \$3,600 for children ages 5 and under at the end of 2021 and \$3,000 for children ages 6 through 17 at the end of 2021. Generally speaking, if you get to claim the full amount of the Child Tax Credit for tax year 2021 and are not subject to any phaseouts, for each of your qualifying children age 5 or younger, you will receive \$300 monthly payments and for qualifying children ages 6 to 17 you will receive \$250 monthly payments.

It should be noted that the total amount of the advance Child Tax Credit payments that you receive during 2021 is based on the IRS's estimate of your 2021 Child Tax Credit. If the total amount of advance Child Tax Credit payments that you received is greater than the Child Tax Credit amount that you are allowed to claim on your 2021 tax return, you may have to repay the excess amount on your 2021 tax return during the 2022 tax filing season unless you qualify for repayment protection. You may qualify for repayment protection if your main home was in the U.S. for more than half of 2021 and your Modified Adjusted Gross Income for 2021 is at the following levels:



- \$60,000 if you are married and filing a joint return or if filing as a qualifying widow or widower.
- \$50,000 if you are filing as head of household.
- \$40,000 if you are a single filer or are married and filing as separate return.

In order to determine the full repayment protection amount that you would be entitled to, you would take the estimated number of qualifying children that the IRS took into account in determining the IRS's initial estimate of your advance Child Tax Credit payments minus the actual number of qualifying children properly taken into account in determining the allowed Child Tax Credit amount on your 2021 tax return, then multiplying the result by \$2,000.

Items presented are not intended to be technically complete. Additional information may be required to make an informed decision.  
You cannot rely upon this information for avoiding tax penalties.a

If you do not wish to receive the advance Child Tax Credit payments and instead receive the full amount of the credit on your tax return, you can opt out of the payments.

In order to opt out of the advance Child Tax Credit payments, you will need to register for an account with IRS through the Child Tax Credit Update Portal. You can access the Child Tax Credit Update Portal at <https://www.irs.gov/credits-deductions/child-tax-credit-update-portal>. After clicking “Manage Advance Payments”, you will be prompted to either sign in with an existing ID.me or IRS username or to create a new ID.me account. If you are setting up a new ID.me account, it is recommended that you complete the process on your smart phone. To set up a new account, click on the “ID.me Create an account” button and you will be redirected an ID.me page to begin the account creation process. Once your account is set up, you will be prompted to verify your identity. You will be asked to enter your phone number and ID.me will send you a text message with a link for you to click on. You will be asked to take a picture of the front and the back of your driver’s license. Once this is complete, you will be asked to take a video selfie of yourself. Finally, you will be asked to enter your Social Security number.

The unenrollment schedule is as follows:

<b>Payment Month</b>	<b>Unenrollment Deadline</b>	<b>Payment Date</b>
July	06/28/2021	07/15/2021
August	08/02/2021	08/13/2021
September	08/30/2021	09/15/2021
October	10/04/2021	10/15/2021
November	11/01/2021	11/15/2021
December	11/29/2021	12/15/2021

If you miss the unenrollment deadline, you will get the next scheduled advance payment until your request to unenroll is processed. If you file a married filing jointly return, both you and your spouse must unenroll in order to opt out of all advance Child Tax Credit payments. Otherwise, if only one of you unenrolls and your spouse does not, you will get half of the joint payment you were supposed to receive with your spouse.

As of the end of June, the Child Tax Credit Update Portal will only allow you to do the following:

- Find out if you are eligible for the advance payments.
- Unenroll from the payments.
- See a list of your payments.
- Make changes to your bank information for your payments beginning in August.

By the end of the summer, but currently not available, the Child Tax Credit Update Portal will allow you to do the following:

- Make changes to your address.
- Make changes to your dependents, marital status, and income.
- Re-enroll if you previously unenrolled.

In January 2022, the IRS will send you a Letter 6419 which will contain the total amount of the advance Child Tax Credit payments that were disbursed to you during 2021. Please keep this letter regarding your advance Child Tax Credit payments with your tax records. If you have any questions about the advance Child Tax Credit payments and how they would apply to your tax situation, please contact us.