

Advance Child Tax Credit to Start July 15th

In a News Release, IRS has announced that the 2021 advance child tax credit (CTC) payments, that were provided for in American Rescue Plan Act, will begin being made on July 15, 2021 and has provided some additional information about the payments.

Taxpayers are allowed a CTC—temporarily expanded and made refundable for 2021 by the American Rescue Plan Act (ARPA, PL 117-2, 3/11/2021)— for each qualifying child. The credit phases out for taxpayers with adjusted gross incomes (AGIs) over certain thresholds.

For 2021, a qualifying child with respect to a taxpayer is defined as an under-age-18 child, whom the taxpayer may claim as a dependent (i.e., a child related to the taxpayer who, generally, lived with the taxpayer for at least six months during the year), and who is a U.S. citizen or national, or a U.S. resident.

IRS is required to establish a program to make periodic advance payments which in total equal 50% of IRS's estimate of the eligible taxpayer's 2021 CTCs, during the period July 2021 through December 2021.

The payments will begin on July 15, 2021. Thereafter, they will be made on the 15th of each month unless the 15th falls on a weekend or holiday.

Recipients will receive the monthly payments through direct deposit, paper check, or debit cards. IRS says that it is committed to maximizing the use of direct deposit.

While most taxpayers will not be required to take any action to receive their payments, IRS says that it will continue outreach efforts with partner organizations over the coming months to make more families aware of their eligibility.