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People Policy Solutions

Do You Have Children at Home and Need Money?

Even if you have never filed taxes before and have little or no income, you are likely eligible for the **Child Tax Credit of 2021**, which is worth up to \$3,600 *per child*. This is a big change. You can receive regular monthly advance cash payments between July and December 2021 of up to \$300 per child per month!

Most families don't have to do anything to receive their Child Tax Credit payments. If you filed taxes this year (your tax return for 2020), filed last year (your tax return for 2019), or if you signed up for Economic Impact Payments ("stimulus checks") using the IRS's Non-Filer tool last year, **you're all set and the IRS will automatically send you monthly payments.**

If you haven't filed taxes, it's not too late to sign up to receive this credit! Sign up using the IRS' new portal: <https://www.irs.gov/credits-deductions/child-tax-credit-non-filer-sign-up-tool>. Using this tool will set you up to receive the Child Tax Credit, as well as any stimulus payments you are eligible for but have not received.

Note: Families who want to claim other tax benefits, such as the Earned Income Tax Credit, should not use this tool and instead file a regular tax return (the deadline for filing taxes was May 17, but if you do not owe taxes, you do not have to file for an extension and can file your 2020 taxes any time before October 15, 2021). The fastest and easiest way to file a return is the [Free File](#) system, available on IRS.gov.

Am I eligible for the Child Tax Credit of 2021?

To claim the 2021 Child Tax Credit for a child, answer "yes" to each of these questions!

- 1. Is my child age 17 or younger on December 31, 2021?**
- 2. Does my child have a Social Security Number?** Your dependent child must have a Social Security Number for you to qualify for the Child Tax Credit of 2021. Non-citizen children with Social Security numbers qualify for the Child Tax Credit.
- 3.** If you do not have a Social Security Number, you may use an ITIN (Individual Taxpayer Identification Number). You can get an ITIN by filing a Form W-7 with the IRS. See <https://www.irs.gov/individuals/how-do-i-apply-for-an-itin>.
- 4. Is the child related to me under the tax rules?** To qualify for the Child Tax Credit, your child must be a son or daughter, stepchild, foster child, sibling or half-sibling, or niece or nephew or any of their children (including a grandchild!).

5. Is my child my “dependent”?

To claim a child as a dependent all the following statements must be TRUE:

- The child lived with you for more than half the year AND
- The child does not provide more than half their own financial support AND
- The child does not file a joint tax return with someone else.

Is my income low enough (or high enough) to claim the Child Tax Credit?

Even if you have little or no taxable income, you qualify for this tax credit. This is an important change for 2021.

You qualify for the full credit amount if your annual income is below \$75,000 for single tax filers, below \$150,000 for a couple filing jointly, or below \$112,500 for someone filing as head of household. (The credit amount gradually gets lower for people with higher incomes).

How much is the Child Tax Credit of 2021 worth to me?

The Child Tax Credit provides:

- \$3,600 for *each* dependent child under 6,
- \$3,000 for *each* dependent child ages 6 through 17, including 17-year-olds.

For example, if you have three children, ages 5, 10 and 17, you would be eligible for \$9,600. One of many calculators to help you figure your 2021 Child Tax Credit is available here:

<https://grow.acorns.com/child-tax-credit-calculator/>.

How do I get the Child Tax Credit of 2021?

The IRS will pay your advance payments of the 2021 Child Tax Credits based on your 2020 or 2019 tax return. They will also use the information on file if you signed up for and received an Economic Impact Payment, or “stimulus payment.” If you haven’t done any of these things, don’t worry! You can still sign up to receive advance payments of the Child Tax Credit using the IRS’ new portal here:

<https://www.irs.gov/credits-deductions/child-tax-credit-non-filer-sign-up-tool>

When can I get the money?

The IRS will automatically send your monthly advance payments for each qualifying child from July 15, 2021 to December 15, 2021 based on the information it has on file. These payments will go out on the 15th of every month. (In August the payment will go out on August 13th since the 15th falls on a weekend.) You will only receive half of your full Child Tax Credit in advance. The other half of your Child Tax Credit will be paid in 2022 - after you file your 2021 tax return (filed before April 15, 2022).

For example, suppose you qualify for \$3,600 because you have one child, under age 6. You would get \$300 per month from July through December, for a total of \$1,800, or half your credit. Then, after you

file your 2021 tax return (before April 15, 2022), you would get the other \$1,800. The IRS would first apply that \$1,800 toward any taxes you owe (if any), then send the balance to you.

What if I don't want to receive monthly payments?

The IRS has set up another online tool, the Child Tax Credit Update Portal, which currently enables you to and unenroll/opt out of the advance payment program or update your bank account information: <https://www.irs.gov/credits-deductions/child-tax-credit-update-portal>. To stop monthly payments, you must unenroll at least 3 days before the first Thursday of the month by 11:59 PM ET. You do not need to unenroll each month.

Who is Not Eligible for the Child Tax Credit of 2021?

You **cannot** claim the child as a dependent in these situations:

- A divorce decree or written separation agreement gives the other parent the right to claim the child as a dependent on their taxes OR
- Someone else claims you as a dependent on their taxes.

Only one person can claim the child as a dependent (and there are rules about who that is if more than one adult relative qualifies).

Figuring out who can claim the child as a dependent can sometimes get complicated! Click on this link to the IRS [online tax assistance program](#) to help decide if you can claim the child as a dependent if you are not sure. Claiming a child as a dependent affects the Earned Income Tax Credit and other aspects of taxes as well! See also [IRS Publication 501](#) and resources listed below for free advice.

Other Frequently Asked Questions

Will the Child Tax Credit count against other benefits?

No. The Child Tax Credit cannot be counted against you for any MaineCare, Food Stamps (SNAP), TANF, federal student aid, subsidized housing, or any other federally funded assistance. It should not be considered in deciding whether you qualify for a program or in deciding the amount of benefit you receive. (It is undecided at the time of this writing whether it will count against state or town funded programs like General Assistance.)

Can the IRS take the Child Tax Credit to pay a debt?

The IRS cannot take the advance payments to offset past-due federal taxes, state income taxes, or other federal or state debts, or past-due child support. However, private creditors or debt collectors who have a court order allowing them to take tax refunds can take it.

When you file your tax return and receive the rest of your Child Tax Credit as part of your tax refund, it *can* be reduced for past-due child support payments, back taxes, Federal or state debts, and garnishment by creditors and debt collectors.

I have a child who could be claimed as a dependent by more than one person. What do we do?

Married parents living together with their child usually file taxes jointly. Unmarried parents living together with their child file separate taxes, with the parent with the higher income claiming the child as a dependent (unless there is a written agreement saying otherwise).

If two parents live apart (with no formal court decree or separation agreement stating who claims the child as a dependent), the parent with whom the child lives the most in 2021 should claim the child as a dependent.

What if you are the parent, and another adult relative also lives in the house with you and the child? In this case, the parent generally claims the Child Tax Credit. But this can be an area where tax advice can be smart. Click [here for the helpful step-by-step IRS Tax Assistant](#) on whether you can claim a child as a dependent.

The complete IRS rules, which describe many family situations about who can claim the child as a dependent are found in [IRS Publication No. 501 \(2020\)](#).

You can get free help with your taxes and with this question. See the end of this guide for more information.

My situation changed so I think I will qualify for the Child Tax Credit in 2021 - but those changes don't show up in my 2020 tax return. How do I get that information to the IRS so I get the advanced payments?

Perhaps a child was born or moved in with you in 2021! Or perhaps you lost a job in 2021 and you qualify for the Child Tax Credit in 2021, but not in 2020. The IRS won't know based on your 2020 or 2019 tax return. That is why the IRS will be making changes to the Child Tax Credit Update Portal to allow you to update your information. This tool currently only lets you opt out of advanced payments or update your bank account information, but eventually will let you update your other information as well: <https://www.irs.gov/credits-deductions/child-tax-credit-update-portal>.

I want to receive my Child Tax Credit as automatic payments, but I don't have a bank account. What should I do?

Direct deposit is the fastest and safest way to get Child Tax Credit payments. [Bank On](#), a national project of the Cities for Financial Empowerment Fund, helps connect “unbanked” people to bank accounts. You can use Bank On's [list of certified checking accounts](#) to open an account online.

You can also use an existing prepaid card as long as it has a routing and account number.

My situation has changed since 2020 so I am worried I will get advanced payments of the Child Tax Credit of 2021 by mistake. Are there protections for me?

Yes. Perhaps, in 2021 a child moves out or you get a job that puts you over the income eligibility limits, but this is not shown on your 2020 tax return. The IRS may be sending you advanced 2021 payments based on old 2020 information. You do not want to have to repay the payments made in error. There are protections for you.

- **Safe Harbor from overpayments.** The IRS will not make you repay mistaken advanced payments of the Child Tax Credit caused by changes in the number of qualifying children up to \$2,000 per child. This only applies to single individuals with incomes below \$40,000, heads of households with incomes below \$50,000, and married couples with incomes below \$60,000. The safe harbor gradually goes away for those with higher incomes.
- **Opting out of advance payments or reporting changes.** The IRS is setting up an online portal for you to report changes since 2020 and adjust your credit. You can also choose *not* to receive *advance* payments of the 2021 Child Tax Credit by opting out [here](#). If you did this, you would receive the full Child Tax Credit you are entitled to after you filed your 2021 taxes return at the end of the year.

Can I get the 2020 Child Tax Credit too?

You might be eligible for up to a \$1400 refund for the 2020 Child Tax Credit as well. Here are some important ways the 2020 Child Tax Credit is different than the improved 2021 credit:

- For the 2020 credit, the rules about who is a dependent child are the same, except the child must be under 17. (Seventeen-year-olds were added for 2021.)
- For 2020, you must have at least \$2500 in income to qualify for the credit. (You do not need that income to qualify in 2021.)
- For 2020, no more than \$1400 of the \$2,000 credit can be sent back to you after going toward any taxes you owe. (For 2021, the full value of the \$3,000 (or \$3,600 for each child under 6) credit will be sent to you, even if you owe no taxes).
- People with a bit higher income can qualify for the complete 2020 Child Tax Credit than for the 2021 credit.

Isn't the Earned Income Tax Credit (EITC or EIC) worth a lot too? Are there other possible tax credits?

Yes! For middle to lower earning families with children, the 2020 EITC is a tax credit worth between \$538 to \$6,660 depending on household, income, and filing status. **People without children can qualify for the EITC too!**

LINKS TO USEFUL INFORMATION	
You do not have a Social Security Number and need an Individual Taxpayer Identification Number to file your taxes	https://www.irs.gov/individuals/how-do-i-apply-for-an-itin
You want to figure out how much the Child Tax Credit of 2021 might be worth for you	https://grow.acorns.com/child-tax-credit-calculator/
You need help to figure out if your child is your dependent for tax purposes	https://www.irs.gov/help/ita/whom-may-i-claim-as-a-dependent
You want more information about the Earned Income Tax Credit	https://www.eitcoutreach.org/tax-credits/earned-income-tax-credit/
You need help filing for the Child Tax Credit	https://www.getctc.org/en
You want to file taxes online, for free	https://www.myfreetaxes.com
You have questions about the Child Tax Credit or other tax issues	https://www.ptla.org/low-income-taxpayer-clinic#
You want to apply for Maine's emergency rental relief program	https://www.mainehousing.org/programs-services/rental/rentaldetail/covid-19-rental-relief-program

The EITC can also be paid to you, even if you did not earn much or owe much in taxes. For EITC detail and other possible tax credits as well, click [here](#). Or click on the [IRS's EITC Assistant](#) to figure what your household would get.

Where can I get more information about Tax Credits?

A very useful and detailed website to help lower income households understand the Tax Credits available to them and how to file has been created by the nonprofit Center on Budget and Policy Priorities [here](#).

Is there free help filing taxes?

Yes!

- The United Way offers a website to walk you through filing your taxes online with phone assistance. They can also link you to the free online tax programs that help you file your taxes, free, on your own. Click here: [MyFreeTaxes](#)
- Code for America offers live online chat support Mon-Fri for people who need help filing for their Child Tax Credit. Their website will also make it easier for people to file for the Child Tax Credit using a mobile device. Click here: <https://www.getctc.org/en>
- Pine Tree Legal Assistance's Low Income Taxpayer Clinic can answer questions about the Child Tax Credit and other tax issues (but does not prepare your tax return for you). For more information, click here: [Low Income Taxpayer Clinic](#).

** We know many people struggle to afford housing and could use extra money to pay their rent or utilities. We want to make sure you are aware of other federal supports available to help you pay your rent so you can use the money from your Child Tax Credit for other important things. Click [here](#) to learn more about about the emergency rental relief program and apply.