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Grandfamilies and the Child Tax Credit (CTC)

April 28, 2021 (*updated June 23, 2021*)

As a grandparent or other relative raising a child, you can generally claim the Child Tax Credit on behalf of the child you're raising.

The American Rescue Plan Act of 2021 expands the Child Tax Credit, but only for tax year 2021. Many grandfamilies are eligible for this important expanded tax credit. Generations United is part of an advocacy effort to build upon and continue the new Child Tax Credit rules into tax year 2022 and beyond.

For tax year 2021, the Child Tax Credit has increased to **\$3,000 per child for children age 6 up through age 17, and \$3,600 per child for children under age 6**. The child's age is determined by their age at the end of 2021. The child is not eligible if they have their 18th birthday in 2021.

Other important Child Tax Credit changes for 2021:

- The credit is fully refundable, which means you can benefit from the credit even if you don't have enough income to owe taxes
- You can receive advance payments for up to half of the credit beginning July 15, 2021, before filing your 2021 tax return

To qualify, your 2021 income must be at or below these thresholds:

- \$150,000 for married taxpayers filing a joint return and qualifying widows or widowers
- \$112,500 for heads of household
- \$75,000 for all other taxpayers

There are basic eligibility criteria you and the child must meet to claim the Child Tax Credit.

These are the same criteria that existed before the 2021 tax year:

- **Relationship:** The child must be your relative (cousin is not included) or foster child (both related and not related to you). If you are a fictive kin to the child, such as a godparent or close family friend, you are not eligible to claim the child tax credit for the child unless you are their foster parent.
- **Residency:** The child must live with you for more than half the year in your main home in the United States.
- The child must have a valid **Social Security** number.

Note: *There are no legal relationship requirements. You don't have to be the child's guardian, legal custodian or anything else. You must simply be raising the child. You should maintain records that you've been raising the child in case you're ever audited by the U.S. Internal*

Revenue Service (IRS). Keep documents like birth certificates or foster parent records to show your relationship to the child. Also keep school, health care or other documents showing that the child lives with you. You don't have to produce these documents with your tax return. They are simply to protect you in the case of an audit.

Advance payments to you of the 2021 Child Tax Credit:

- The IRS will make advance payments of up to 50 percent of the 2021 Child Tax Credit regularly from July 15 through December 2021.
- The IRS will estimate advance payments from your 2020 tax return (or 2019 return if the 2020 return is not filed yet).
- The IRS urges people with children to file their 2020 tax returns as soon as possible. Filing your tax return electronically with direct deposit also speed refunds and future advance Child Tax Credit payments.
- For non-tax return filers, you can input your information at www.irs.gov/credits-deductions/advance-child-tax-credit-payments-in-2021 to receive the Child Tax Credit for 2021. If you have already provided the IRS with your non-filer information in order to receive the economic impact payments, then you do not need to provide this information again.
- Finally, if you want to check to make sure you're enrolled to receive the payments or you want to unenroll so you do not receive advance payments of the 2021 Child Tax Credit, please also visit www.irs.gov/credits-deductions/advance-child-tax-credit-payments-in-2021.

If you have filed a 2020 or 2019 tax return or already provided non-filer information to the IRS, you do not need to take additional steps. The IRS will use that information to determine if you qualify and automatically enroll you for advance Child Tax Credit payments.

For any questions, feel free to contact Ana Beltran, Generations United's National Center on Grandfamilies, at abeltran@gu.org.