

Financial Strategies to Get You Through the Pandemic Fact Sheet Number 5

Child Tax Credit

Changes made by the American Rescue Plan to the Child Tax Credit apply to 2021 only. During this year, more people will be eligible and the credit for most people will be larger than in other years. Thorough explanations were published by [Kiplinger.com](https://www.kiplinger.com), which includes extensive FAQs and a calculator to figure out how much your credit might be, and by [CNBC](https://www.cnbc.com).

[Key changes for 2021](#) are:

- The maximum amount of the credit increased. Instead of \$2000 per child, the credit in 2021 is \$3600 for each child younger than age 6 and \$3000 for children 6 to 17. Previously, children had to be 16 or younger.
- Earned income is not required. Previously, you had to earn at least \$2500 to qualify. [Kiplinger](https://www.kiplinger.com) said the earned income was only to get any part of the credit as a refundable credit.
- The entire credit is refundable.
- Parents can get half of the credit in the form of a monthly payment from July to December 2021. The remainder will be claimed on the family's 2021 tax return.

The additional, 2021-only amount of the credit (either \$1600 or \$1000 depending on the age of the child) is reduced for people with higher incomes, beginning at:

- \$75,000 for single filers
- \$112,500 for head of household
- \$150,000 for married filing jointly.

The permanent amount of the credit (\$2000 per child) begins to phase out at \$400,000 for married filing jointly and \$200,000 for others.

[Other requirements have not changed](#). The child must:

- Be a US citizen, national or resident alien.
- Have a Social Security number.
- Be claimed as a dependent on your tax return, and the return must include the child's name, date of birth, and Social Security number.
- Be related to you, and must live with you for at least six months during the year.

As of April 1, 2021, the [IRS webpage](#) on this topic had not been updated with detailed information about the 2021 changes for this credit.