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Compliance Advisor

## What every HR leader should know about compliance



### IRS Tool for Advance Child Tax Credit

June 16, 2021

**Read time: 2 minutes**

On June 14, 2021, the IRS issued a news release which unveiled an online [Non-filer Sign-up tool](#) designed to help eligible families who don't normally file tax returns register for the monthly Advance Child Tax Credit payments, scheduled to begin July 15. The tool is also designed to help eligible individuals who don't normally file income tax returns register for the \$1,400 third round of Economic Impact Payments (also known as stimulus checks) and claim the Recovery Rebate Credit for any amount of the first two rounds of Economic Impact Payments they may have missed.

The expanded and newly-advanceable Child Tax Credit was authorized by the American Rescue Plan Act (ARP), enacted in March of this year. The ARP increased the maximum Child Tax Credit (CTC) and also allow taxpayers to receive an advance of the CTC. For 2021, the CTC is increased to \$3,600 for children under the age of 6 and to \$3,000 per child for children between ages 6 and 17. On May 17, 2021, the IRS and Department of Treasury [announced](#) that the increased CTC payments will be made on the 15th of each month unless the 15th falls on a weekend or holiday.

The payments are scheduled to begin in July 2021. Eligible families will receive a payment of up to \$300 per month for each child under age 6 and up to \$250 per month for each child age 6 and above. The IRS and Treasury indicated that roughly 39 million households, covering 88% of children in the United States, are slated to begin receiving monthly payments. The advance CTC is intended to assist families to recover from financial distress caused by the COVID-19 pandemic.

The Non-filer Sign-up tool is for people who did not file a tax return for 2019 or 2020 and who did not use the IRS Non-filers tool last year to register for Economic Impact Payments. The tool enables them to provide required information about themselves, their qualifying children age 17



and under, their other dependents, and their direct deposit bank information so the IRS can quickly and easily deposit the payments directly into their checking or savings account.

According to the IRS, the tool provides a free and easy way for eligible people who don't make enough income to have an income tax return filing obligation to provide the IRS the basic information needed—name, address, and Social Security numbers—to figure and issue their Advance Child Tax Credit payments. Often, these are individuals and families who receive little or no income, including those experiencing homelessness and other underserved groups. This new tool is available only on IRS.gov.

### **No Action Required**

Eligible families who already filed or plan to file 2019 or 2020 income tax returns should not use this tool. Once the IRS processes their 2019 or 2020 tax return, the information will be used to determine eligibility and issue advance payments. Families who want to claim other tax benefits, such as the Earned Income Tax Credit for low- and moderate-income families, should not use this tool and instead file a regular tax return. For them, the fastest and easiest way to file a return is the [Free File](#) system, available only on IRS.gov.

### **Be Aware of Scams**

The IRS urges everyone to be on the lookout for scams related to both Advance Child Tax Credit payments and Economic Impact Payments. The IRS emphasized that the only way to get either of these benefits is by either filing a tax return with the IRS or registering online through the Non-filer Sign-up tool, exclusively on IRS.gov. Any other option is a scam. Individuals are also encouraged to watch out for scams using email, phone calls or texts related to the payments. The IRS never sends unsolicited electronic communications asking anyone to open attachments or visit a non-governmental web site.

### **Other Tools Coming Soon**

The IRS has created a special Advance Child Tax Credit 2021 page at [IRS.gov/childtaxcredit2021](https://www.irs.gov/childtaxcredit2021), designed to provide the most up-to-date information about the credit and the advance payments. The page already features a link to the Non-filer Sign-up tool. In the next few weeks, it will also feature other useful new tools, including:

- An interactive Child Tax Credit eligibility assistant to help families determine whether they qualify for the Advance Child Tax Credit payments.
- Another tool, the Child Tax Credit Update Portal, which will initially enable anyone who has been determined to be eligible for advance payments to see that they are eligible and unenroll or opt out of the advance payment program. Later, it will allow people to check on the status of their payments, make updates to their information, and be available in Spanish.



For more information, visit [IRS.gov/childtaxcredit2021](https://www.irs.gov/childtaxcredit2021), or read [FAQs on the 2021 Child Tax Credit and Advance Child Tax Credit Payments](#).

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