



CHILD TAX CREDIT: NEW PORTAL FOR OPTING OUT OF ADVANCE PAYMENTS

From the Journal of Accountancy by Dave Strausfeld, J.D.

The IRS has opened an online site to enable taxpayers to unenroll from receiving advance payments of the 2021 child tax credit (CTC).

The new “[Child Tax Credit Update Portal](#)” allows parents to view their eligibility, view their expected CTC advance payments, and, if they wish to do so, unenroll from receiving advance payments (i.e., to opt out). Unenrolling may be desirable if, for instance, taxpayers expect the amount of tax they owe to be greater than their CTC refund when they file their 2021 tax return.

In a [set of new FAQs](#), the Service answers questions about unenrolling from the CTC advance payments.

2021 child tax credit

Under the American Rescue Plan Act (ARPA), P.L. 117-2, the IRS must make 2021 periodic advance child tax credit payments to taxpayers up to the “annual advance amount.” These payments — up to \$300 per month per child under age 6 and up to \$250 per month per child age 6 through 17 — will be paid in equal amounts and made no earlier than July 1, 2021, and no later than Dec. 31, 2021.

For tax year 2021 only, ARPA increased the child tax credit amount to up to \$3,000 for each qualifying child between age 6 and 17 at the end of the 2021 tax year, and \$3,600 for each qualifying child under age 6 at the end of the 2021 tax year. ARPA also made the child tax credit for 2021 fully refundable if the taxpayer (or spouse, on a joint return) has a principal place of abode in the United States for more than one-half of the 2021 tax year.

Last week, the Service opened an online site called the “[Non-Filer Sign-Up Tool](#)” that enables parents who are not required to file a 2019 or 2020 individual income tax return to sign up to receive 2021 CTC advance payments.

The IRS also, in [Rev. Proc. 2021-24](#), clarified how individuals who are not otherwise required to file 2020 returns can claim 2021 CTC advance payments by either filing simplified returns or electronically filing a 2020 return with zero adjusted gross income.