



## The Expanded Child Tax Credit (CTC): What New York Families Need to Know

### 1. What is the Child Tax Credit?



The Child Tax Credit is a benefit that helps families afford the everyday expenses of raising children. The [American Rescue Plan](#), signed into law in March, significantly expands the federal Child Tax Credit for one year and will deliver direct cash payments to many New York families with children. **To receive the Credit, it is extremely important that families file their 2020 tax returns by May 17<sup>th</sup> – even if they have no income or have never filed taxes before.**

### 2. How does the American Rescue Plan expand the Child Tax Credit?

The American Rescue Plan temporarily expands the Child Tax Credit in three main ways:

#### i. INCREASES THE CREDIT'S VALUE AND EXPANDS ELIGIBILITY TO 17-YEAR-OLD CHILDREN

- Children under 6 will receive a **\$3,600** per child maximum benefit
- Children ages 6 to 17 will receive a **\$3,000** per child maximum benefit



#### ii. MAKES THE CREDIT FULLY AVAILABLE TO CHILDREN IN THE LOWEST INCOME FAMILIES

- The maximum benefit is available from **\$0 in earnings** up through \$112,500 (unmarried filer) or \$150,000 (married filer)

#### iii. PAYS THE CREDIT OUT IN REGULAR INSTALLMENTS

- Families will receive half of the Credit in periodic payments starting in July 2021, and the remainder when they file their 2021 tax return (Spring 2022)
  - Children under 6 will receive **\$300 per child per month**
  - Children ages 6 to 17 will receive **\$250 per child per month**



POTENTIAL PAYMENT SCHEDULES	
IF MONTHLY	IF PERIODICALLY
July 2021 (First payment)	July 2021 (First payment)
August 2021	
September 2021	
October 2021	October 2021
November 2021	
December 2021 (Last payment received in 2021)	December 2021 (Last payment received in 2021)
April 2022 (Completion of 2021 payment)	April 2022 (Completion of 2021 payment)

### 3. Must individuals be employed to receive this Child Tax Credit?

No! Under the American Rescue Plan, the benefit is available to families with no income.

### 4. Does the Child Tax Credit impact eligibility for other benefits?

No! The Child Tax Credit does not impact eligibility for other federally-funded benefit programs, such as SNAP or Medicaid. Tax credits do not count as earned income.

### 5. Who can claim a child for purposes of receiving the Child Tax Credit?

Under current law, a child must live with the person claiming the Credit for at least six months of the year and be a child, grandchild, sibling, niece, or nephew of the tax filer. Children whose primary caregivers are more distant relatives or family friends are denied the benefit, as are children who do not spend at least six months in a single household, such as may be the case with children who move between homes of family members.

### 6. What if a child has split custody?

If a child has split custody, the parent with primary custody will receive the Child Tax Credit. The child must live with the caregiver for at least six months of the year. If a child splits time equally between two parents, the one with a higher annual adjusted gross income (AGI) may claim the child. The IRS will likely administer advanced payments to the parent claiming the child on their 2020 tax return.

### 7. Does this impact eligibility for the Empire State Child Credit (ESCC)?

The expanded Child Tax Credit does not impact eligibility for the Empire State Child Credit. Full-year New York residents with children ages 4 to 17 will still receive either 33 percent of the federal Child Tax Credit or \$100 per child, whichever is greater (as long as a family's annual income does not exceed \$75,000 for a single filer, \$110,000 for married filers filing jointly or \$55,000 for married filers filing separately.)



**DON'T WAIT! To maximize your family's likelihood of receiving the Child Tax Credit, file your taxes *by May 17<sup>th</sup>*.**

To locate an **IRS Volunteer Income Tax Assistance (VITA) site** near you, visit [irs.treasury.gov/freetaxprep](https://irs.treasury.gov/freetaxprep) or receive free online assistance at [getyourrefund.org](https://getyourrefund.org) **TODAY!**

For more FAQs, check out [Understanding the Expanded Child Tax Credit](#)



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