



New Mexico Legal Aid, Inc.

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IF YOU HAVE CHILDREN UNDER 18, READ THIS:

On the 15th of each month, from July through December of this year, the IRS will send six monthly payments of up to \$300/child to eligible taxpayers. The payments will arrive by direct deposit, check or debit card.

These benefits (called “advance child tax credits”) are available to you *based on the number of eligible children claimed on your 2019 or 2020 federal income taxes. No taxes filed? No \$\$\$ paid in 2021.*

What to do next? If you haven’t filed for either 2019 or 2020, you should file for 2020 *immediately* at no charge at

<https://www.irs.gov/filing/free-file-do-your-federal-taxes-for-free>.

In addition, through Wednesday, June 30, the Low Income Taxpayer Clinic at New Mexico Legal Aid has very limited capacity to prepare 2020 returns: Apply online at www.newmexicolegalaid.org or call 1-833-545-4357, Monday through Thursday, 10am-2pm, and request Low Income Taxpayer Clinic services.

What is the maximum amount I can receive? A change in law, in place only for 2021, provides an increased child tax credit equal to:

- \$3,600 per qualifying child who is under 6 on 12.31.21.
- \$3,000 per qualifying child ages 6 through 17 on 12.31.21.

The IRS will pay *half* of the child tax credit in monthly installments from July 15 through December 15.

Example: Those with one child under 6 (this year) would be entitled to receive \$300/month from July 15 through December 15, a total of \$1800.

Example: Those with one child age 17 (this year) would be entitled to receive \$250/month, a total of \$1500.

To receive the half of the credit not “advanced” (either \$1800/child or \$1500/child), you must claim it on a 2021 tax return filed in 2022.

Who is eligible? Each child must be a “qualifying child.” This generally means they must be either a blood relative, a stepchild of a married taxpayer, or a foster child. In addition, they must be under 18 on 12.31.21, *live with you for more than half of that year*, and have a social security card authorizing work. (Every child born in the U.S. has a social security card that authorizes work.) Benefits begin to phase out for incomes over \$150,000 for married taxpayers filing a joint return, \$112,500 for heads of household, and \$75,000 for all others.

Caution: if you have fewer “qualifying children” living with you in 2021 than in 2020 or 2019 (depending on when you last filed), you may want to “opt out” of the advance payments. Otherwise, you may have to pay back to the IRS all (or a portion) of what you receive. The IRS promises to have “opt-out” information available soon at www.irs.gov/childtaxcredit2021.

Note: This new law also requires the IRS to establish an electronic “portal” at www.irs.gov where you can update your information, including changes in the number of “qualifying children,” changes in marital status, and significant changes in income. As of June 7, 2021, this portal was not yet available.

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