

Child Tax Credit FAQ's

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Example: Assume Joe and Mary Smith have a 3 year old daughter, Amy, and that their income meets the income limitations to qualify for the child tax credit. Joe and Mary claimed Amy on their 2020 taxes and will claim her again on their 2021 tax return. Amy's child tax credit is \$3,600. Beginning in July 2021 Joe and Mary receive a monthly deposit of \$300 for Amy's credit. At the end of the year Joe and Mary have received \$1,800 of prepayments (\$300 per month times the last six months of the year). When Joe and Mary file their taxes instead of claiming a \$3,600 child tax credit for Amy they will only claim \$1,800. They receive half of their child tax credit as monthly prepayments and half as a credit on their tax return.

2. I am divorced and claim my child every other year. What should I expect on my taxes?

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3. I have a new baby who was born in 2021. Will I receive a tax credit for her?

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Or second, you receive part of the credit in monthly installments and then the rest of the credit on your 2021 taxes. The monthly installments are set by law to be 1/12 of the total credit.