



January 19, 2022

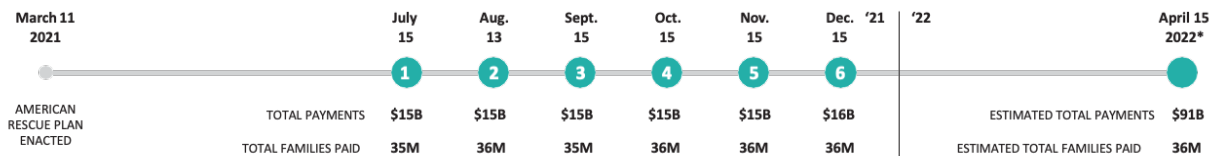
The Child Tax Credit's expansion and contraction

The Child Tax Credit on Jan. 1 reverted back to the program's requirements from before President Joe Biden took office, lowering the amount offered per child and tying the credit to recipients' earnings. Democrats in Congress are trying to permanently revive the CTC expansion in the Build Back Better legislation, but Sen. Joe Manchin (D-WV) has said he has concerns about work requirements and payments to those higher up the income ladder.

The American Rescue Plan temporarily increased the CTC — the second-most widely claimed individual tax break — during 2021. In addition to higher credits per child, the expansion allowed people to claim a portion of the credit from July through December and claim the rest when filing their 2021 tax returns instead of all at once at the end of the year.

Issuance of expanded CTC payments

Treasury issued a total of about \$91 billion in child tax credit payments to 36 million families during the last six months of 2021 and is estimated to issue another \$91 million during the 2022 tax-filing season. The advance payment amounts were estimated from 2019 or 2020 tax returns.



*Estimates shown for payments and families paid in 2022 may change if lower-income families did not file taxes or sign up for expanded CTC payments.

CTC payments before, during and after the American Rescue Plan's temporary expansion of the program

2020

Married couples filing jointly with an adjusted gross income of up to \$400,000 and all other taxpayers with an adjusted gross income of up to \$200,000 claimed a maximum credit of \$2,000 per child under the age of 17.

EXAMPLES

Married, filing jointly

Up to \$400,000 adjusted gross income; two children under age 17



Other taxpayers

Up to \$200,000 adjusted gross income; one child under age 17



2021

The program increased the amount married couples filing jointly with an adjusted gross income of up to \$150,000 could claim for dependents — up to \$3,000 per child age 6 to 17 and \$3,600 for each child under age 6.

Single heads of households with an adjusted gross income of up to \$112,500 with qualifying children could claim the maximum credit.

Taxpayers who made too much money to qualify for the 2021 expansion received the pre-2021 tax credit in the monthly payments.

Married, filing jointly

Up to \$150,000 adjusted gross income; two children age 6 and 17



Single parent household

Up to \$112,500 adjusted gross income; one child under age 6



2022

Credit amounts, income requirements and child age restrictions revert back to what was in place before the American Rescue Plan. Monthly payments also have stopped.

Married, filing jointly

Up to \$400,000 adjusted gross income; two children under age 17



Other taxpayers

Up to \$200,000 adjusted gross income; one child under age 17



Sources: IRS, The White House, Congress.gov, POLITICO staff reports