

Special Notice 2021-1

Child Tax Credit-Letter 6419

According to our records your 2020 tax return included a dependent child under age 17. 2021 tax legislation made significant changes to the Child Tax Credit.

1] The eligible age was raised from 16 to 17.

2] The credit was raised from \$2,000 per qualifying child to \$3,000 for children ages 6 and above and, \$3,600 for children under age 6. *This increase is reduced or eliminated if your gross income is above certain limits (S-\$75K, MFJ \$150K, HOH \$112K).*

This credit is claimed on your tax return and was treated as additional federal tax paid, lowering your overall tax liability.

3] Starting in July, Congress had authorized IRS to prepay some of this Child Tax Credit in advance (Advanced Child Tax Credit). The advance payments include not only the proposed increase (\$1,000 to \$1,600, depending on child's age) but also, some of the credit you traditionally received on your tax return, leaving you with less in your "corner" at tax time. Unless you opted out (via IRS portal) you were automatically enrolled in the program.

We have to reconcile the prepayments with the actual credit you earn in 2021. In order to do this IRS will send you **Letter 6419** in January 2022. You **MUST** bring that notice with your tax records OR, you must provide to us the amount of advance payments you received. We cannot complete your return without this info. Marriage, divorce or separation will add complexity to this reconciliation.

Married individuals will EACH receive **Letter 6419**, bring both.

In some circumstances (gross income too high in 2021-child not on your 2021 return, etc.) you may have to pay back some or all of the advance payments.

If you did not qualify for or receive the advance credit (you opted out or have lower gross income in 2021), you may be eligible to claim it on your 2021 tax return.

There is additional paperwork required for this reconciliation and there will be additional fees charged for that paperwork.

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