

## **Resource, Foster, and Kinship Families and the Child Tax Credit (CTC)**

### **There is Still Time to Claim these Funds!**

***As a foster parent, resource parent, or kinship caregiver raising a child, you may be able to claim the Child Tax Credit on behalf of the child you're raising. The American Rescue Plan Act of 2021 expands the Child Tax Credit, but only temporarily. This Fact Sheet provides general information to help you understand and apply for the CTC for a child in your care.***

#### **What is the child tax credit?**

The child tax credit is money that families will get to help them meet their needs. It is a payment you will get if you have a child in your care and meet the requirements listed below. It is a fully refundable tax credit which means that you can benefit from the credit even if you do not have enough income to owe taxes.

#### **How much is the child tax credit?**

If you have a child in your care, depending on your income you can get up to:

- **\$3,600** (\$300 a month) per child for children ages 0 to 5.
- **\$3,000** (\$250 a month) per child for children ages 6 to 17.

#### **When will I get this money if I am eligible?**

The IRS began issuing payment this month (July 2021). Most families will get \$250 to \$300 a month per child from July through December 2021. Families will get the remaining \$1,500 to \$1,800 per child when they file their 2021 taxes in Spring 2022.

#### **Who is eligible to claim the child tax credit?**

You must have a child in your care who:

- Has a Social Security Number.
- Lives with you for at least half of the year (6+ months; they do not need to be consecutive).
- Is under age 18 as of December 31, 2021.

To qualify, your income must be at or below these thresholds:

- o \$150,000 for married taxpayers filing a joint return and qualifying widows or widowers
- o \$112,500 for heads of household
- o \$75,000 for all other taxpayers

#### **Can you claim the CTC if the child in your care is placed with you through the child welfare or juvenile probation systems?**

Yes. Eligible children include youth in foster care, placed through either child welfare or juvenile probation, in addition to adopted children, stepchildren, half- siblings, grandchildren, nieces or nephews, or certain other relatives. To be eligible the child must have been living with you for at least six months.

#### **Can you claim the CTC if the child in your care has been placed with you informally and there is no court order or child welfare agency involvement?**

Yes. There are no legal relationship requirements to receive the CTC. You don't have to be the child's guardian, legal custodian or anything else. You must simply be raising the child. However, if the child is

not formally placed with you by a court, the child must be your child, grandchild, stepchild or adopted child, younger sibling, step-sibling, half-sibling, or their descendent. You should maintain records that you've been caring for the child in case you are audited by the IRS.

#### **If I receive the CTC will that money impact my eligibility for any government benefits?**

No. The CTC does not count as income against federally funded benefit programs like Supplemental Nutrition Assistance Program (SNAP), Temporary Aid to Needy Families (TANF), or Medicaid. In addition, tax credit refunds that are saved are not counted toward asset limits in such programs for 12 months.

#### **What should I do if I do not have the child's social security number?**

Work with the child welfare agency or juvenile probation department if the child is placed with you through juvenile probation to get this information for the specific purpose of applying for the CTC for the child. You may need to educate the agency that the CTC is available for children in foster care, including foster youth supervised by juvenile probation, so they understand your request and that you are using this information solely for the purpose of applying for the credit. Your state may have a law or policy that requires that this information be provided to you upon placement.

#### **Do I need to file my taxes to get the CTC?**

Yes. If you have not filed your taxes you will need to do so to claim the credit.

If you have filed a 2020 or 2019 tax return or already provided non-filer information to the IRS, you do not need to take additional steps. The IRS will use that information to determine if you qualify and automatically enroll you for advance Child Tax Credit payments.

#### **Is it too late to file my taxes for the 2020 tax year?**

No. You can still file and should do so as soon as you can (and no later than October 15, 2021).

#### **How can individuals get help filing their taxes?**

**If you are not required to file taxes based on your income, you can use the non-filers tool:**

<https://www.irs.gov/credits-deductions/child-tax-credit-non-filer-sign-up-tool>. This tool makes filing taxes much easier.

**If you are required to file and want free help filing your taxes, check out these resources:**

- Check out the [Free Tax Filing page](#) for free resources to file.
- Visit Code for America's [Get Your Refund](#) website to connect with an IRS-certified volunteer that can help you file your taxes for free.
- Contact your local [Volunteer Income Tax Assistance \(VITA\)](#) site to get free tax help from an IRS-certified volunteer

#### **How can I find out more information about the CTC?**

Here is a fact sheet from Generations United:

<https://www.gu.org/app/uploads/2021/06/Grandfamilies-and-the-Child-Tax-Credit.pdf>

Here are some resources from the Get it Back Campaign:

<https://www.taxoutreach.org/tax-credits/child-tax-credit/whats-new-about-the-child-tax-credit-in-2021/>