

Dear Tax Client:

Our records indicate that you have one or more children that you claimed as dependents on your 2020 income tax return who will be under age 18 as of December 31st, 2021. As such, these dependents may qualify you for the enhanced child tax credit.

The American Rescue Plan Act of 2021 increased the amount of the child tax credit and directed the IRS to send advance payments of the credit during the second half of 2021. These advance payments will be sent on the 15th day of each month from July to December of 2021, and will total one-half of the child tax credit you would normally be eligible to claim when filing your 2021 tax return in early 2022.

The IRS has indicated that they are preparing an online web portal where you will be able to log in and report any changes that may affect your credit eligibility for 2021. Changes that should be reported would include the birth of a child, significant changes in your income level for 2021 vs 2020, or dependents that you may not be able to claim on your 2021 tax return due to divorce or custodial agreements. Overpayments of the child tax credit through the monthly advances may need to be repaid when filing your 2021 income tax return – either through a reduced refund or an increased tax liability.

The online web portal will also give you the ability to opt out of receiving the advance payments. This would allow you to claim the entire child tax credit when filing your 2021 income tax return. The IRS plans to have the online portal available no later than July 1st. We are still waiting on additional guidance from the IRS on information that can be updated through the portal.

For 2021, if your number of dependents or income level has changed (income is expected to be above \$75K if single or \$150K if married), it is imperative that you utilize the online portal to notify the IRS of these changes so that the advance tax credit payments that you receive most closely matches the tax credit you are eligible to claim on your 2021 income tax return.

Enclosed is a spreadsheet which you can use to track the advance payments of the child tax credit that you receive. **We cannot prepare your 2021 tax return without this sheet completed. Please submit this sheet with your 2021 tax documents.** If no payment was received for a month, please indicate “0” or “none”. We will be required to reconcile the actual payments you receive with your eligibility for those payments on your 2021 tax returns.

Please also indicate the amount of the 3rd stimulus payment that you received in early 2021. This should have been \$1,400 for each taxpayer and \$1,400 for each dependent claimed on your 2020 income tax return.

As mentioned above, we are still awaiting further guidance from the IRS on this modified credit, including the process to opt out of receiving the advance payments. We will continue to update our website, www.moormanharting.com, with further details and instructions as they become available.

Please contact our office if you have any questions.

Moorman, Harting & Company

Moorman, Harting & Company
2021 Advance Payment Summary

Client's Name: _____

Child Tax Credit

	Advance Payment Received					
	July	August	September	October	November	December
Jointly	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Taxpayer (if filed separately)	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Spouse (if filed separately)	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____

Economic Impact Payment (EIP)

Please indicate the amount of the third stimulus payment received in 2021. Subject to income limitations, this amount should have been \$1,400 per taxpayer and \$1,400 for each dependent claimed on your 2020 tax return.

Jointly \$ _____

Taxpayer (if filed separately) \$ _____

Spouse (if filed separately) \$ _____

****WE CANNOT PREPARE YOUR TAX RETURN WITHOUT THIS COMPLETED SUMMARY****

**Any incorrect information provided will delay the processing of your tax return and issuance of any refund due to you.

**If no payments were received, please enter \$0 on the lines above