Congressional Update

News for members of Congress and their staffs – November 2021

Child Tax Credit: Families with income changes must enter them in IRS online portal on Monday to impact Nov. 15 payment; Spanish version coming in late November

On Monday, Nov. 1, the Internal Revenue Service will launch a new feature allowing any family receiving monthly Child Tax Credit payments to update their income using the Child Tax Credit Update Portal (CTC UP), found exclusively on IRS.gov.

To help families plan ahead, the IRS also announced today that in late November it will launch a new Spanish-language version of the CTC UP.

The IRS urges families to enter any significant income changes by midnight on Nov. 1 in order for them to be reflected in their November payment, scheduled for Nov. 15. If a family is unable to make the changes on Nov. 1, enter them by Nov. 29 so they are reflected in the December payment. Once the update is made, the IRS will adjust the remaining payment amounts to ensure people receive the total advance payment for the year. For married couples, if one spouse makes the income update, it will apply to both spouses and could impact both spouses' future monthly advance payments of the Child Tax Credit.

Income feature right for some

The new income feature can help families make sure they are getting the right amount of advance Child Tax Credit payments during 2021. For that reason, it will be especially useful to any family who wants to raise or lower their monthly payments because their 2021 income has risen or fallen substantially, compared to 2020.

In many, but not all, cases a big income swing can either raise or lower a family's monthly payments. Normally, this means that small changes in income will not impact the payment amount and need not be entered into the CTC UP.

Any change to the monthly payment amount will be reflected in both the Nov. 15 and Dec. 15 payments, but only if a person completes their updated income request before midnight Eastern Time on Monday, Nov. 1. Changes made after that date, but before midnight on Nov. 29, will only impact the Dec. 15 payment, which is the last scheduled monthly payment for 2021. The IRS will adjust the payment amount to reflect these changes and ensure people receive their total advance payment for the year of up to $1,800 for each child under age 6 and up to $1,500 for each child ages 6 through 17.

Who qualifies for a bigger payment

In some cases, families who are currently receiving monthly payments that are below the maximum may qualify to have their payments increased. This could happen if, for example, they experienced job loss during 2021, or for some other reason are receiving substantially less income this year. If the reduction in

income is large enough, reporting that change now may increase the amount of their advance CTC payments for the rest of this year.

For any family already receiving the maximum payment, a drop in income will not increase the payment amount. Normally, the maximum CTC payment is $300 per month for each qualifying child, under the age of 6, and $250 per month for each child, ages 6 to 17.

Most families are receiving half of the total CTC through monthly payments. This means that any changes entered into the CTC UP will increase or decrease their monthly payments to ensure they receive half of their total expected credit before the end of 2021. They will claim the remaining portion on their 2021 tax return.

Who should have their payments reduced

Any family whose income rose substantially in 2021 should consider having their payments reduced. This is especially true if they are now receiving the maximum monthly payment, and they expect to qualify for less than the full credit when they file their 2021 federal income tax return. For more information on calculating the CTC, see Topic C of the agency's Frequently Asked Questions. In particular, where a family qualifies to receive less than the full amount, see QC 4 & 5.

Using the portal to report income changes

Only families who are already eligible for and receiving advance CTC payments based on their 2020 tax return can use the CTC UP to update their income. Note that someone who filed a joint return for 2020 can only update their income if they plan to file a joint return for 2021 with the same spouse. IRS representatives cannot process income changes over the phone or at Taxpayer Assistance Centers.

After an income update is completed, the Update Portal will acknowledge a change was made but will not display the change. Likewise, IRS representatives won't be able to confirm that an update was made.

Low-income families can still sign up

It's not too late for low-income families to sign up for advance CTC payments.

The IRS urged any family not already receiving payments who normally isn't required to file a tax return to explore the tools available through IRS.gov. These tools can help determine eligibility for the advance CTC or help them file a simplified tax return to sign up for these payments as well as Economic Impact Payments and the Recovery Rebate Credit.

The deadline to sign up is Nov. 15, 2021. People can get these benefits, even if they don't work and even if they receive no income.

Families who sign up will normally receive half of their total Child Tax Credit on Dec. 15. This means a payment of up to $1,800 for each child, under 6, and up to $1,500 for each child, ages 6 to 17.

Get ready to file next year

Early in 2022, families will receive Letter 6419 documenting any advance payments issued to them during 2021 and the number of qualifying children used to calculate the advance payments. This letter can help them accurately reconcile the advance CTC payments they have received and claim any remaining portion of the CTC when completing their 2021 federal income tax return next year.

The income change feature joins a growing set of services available through CTC UP. Available only on IRS.gov, the portal already allows families to verify their eligibility for the payments and then, if they choose to:

- Switch from receiving a paper check to direct deposit;
- Change the account where their payment is direct deposited;
- Update their address or
- Stop monthly payments for the rest of 2021.

Latest information available on IRS.gov

The IRS has created a special Advance Child Tax Credit 2021 page designed to provide the most up-to-date information about the credit and the advance payments. It's at IRS.gov/childtaxcredit2021.

The agency encourages partners and community groups to share information and use available online tools and toolkits to help non-filers, low-income families and other underserved groups sign up. People can check their eligibility by using the advance Child Tax Credit Eligibility Assistant.

The web page features a set of frequently asked questions and a user guide for the Child Tax Credit Update Portal (Publication 5549). It also provides direct links to the portal, as well as two other online tools – the Non-Filer Sign Up Tool and the Child Tax Credit Eligibility Assistant – and other useful resources.

Fourth batch of Advance Child Tax Credit Payments sent in October

Millions of American families received their advance Child Tax Credit (CTC) payments for the month of October. The fourth batch of advance monthly payments, totaling about $15 billion, were made on Oct. 15 to about 36 million families across the country.

Under the American Rescue Plan, most eligible families received payments dated July 15, Aug. 13 and Sept. 15. Future payments are scheduled for Nov. 15 and Dec. 15. For these families, each payment is up to $300 per month for each child under age 6 and up to $250 per month for each child ages 6 through 17.

Here are more details:

- Families saw the direct deposit payments in their accounts starting Oct. 15. Like the prior payments, the vast majority of families received them by direct deposit.
- For those receiving payments by paper check who wish to receive payments by direct deposit, they can make this change using the Child Tax Credit Update Portal, available only on IRS.gov. To access the portal or to get a step-by-step guide for using it, visit IRS.gov/childtaxcredit2021.

- Payments went to eligible families who filed a 2019 or 2020 income tax return. Returns processed by Oct. 4 are reflected in these payments. This includes people who don't typically file a return but during 2020 successfully registered for Economic Impact Payments using the IRS Non-Filers tool on IRS.gov or in 2021 successfully used the Non-filer Sign-up Tool for advance CTC.

- Payments are automatic. Aside from filing a tax return, including a simplified return from the Non-filer Sign-up Tool, families don't have to do anything if they are eligible to receive monthly payments.

- Families who didn't get a July, August or September payment and received their first monthly payment in October will still receive their total advance payment for the year. This means that the total payment will be spread over three months, rather than six, making each monthly payment larger.

The IRS is currently sending letters to some Americans reminding them it is not too late for families who haven't filed a 2020 income tax return — including those who are not normally required to file because their incomes are too low — to sign up for advance CTC payments. Most low-income families can get these monthly payments. The IRS urges families who normally aren't required to file a tax return to visit IRS.gov/childtaxcredit2021 for more information on how to file a return and receive their credit.

Update on Sept. advance Child Tax Credit payments

In September, the IRS successfully delivered a third monthly round of approximately 36 million Child Tax Credit payments, totaling more than $15 billion. The IRS continues to work hard to make improvements and deliver payments timely.

After the September payment was issued, the IRS resolved a technical issue, which the agency estimates caused fewer than 2% of CTC recipients not to receive their September payment on the scheduled payment date. Payments have since gone out to affected individuals.

The affected group primarily included taxpayers who recently made an update to their bank account or address information using the IRS Child Tax Credit Update Portal. In particular, the issue affected payments to married taxpayers filing jointly where only one spouse made a bank account or address change, which usually results in payments being split into two (between the existing account or address and the new account or address).

In some of these cases, the split payment caused a delay in making payments, and further caused individuals to receive slightly more than the correct payment in September. To address this, the payment that each spouse receives in October, November and December will be reduced slightly to adjust for the overpayment. For each taxpayer receiving a payment, the typical overpayment was $31.25 per child between 6 and 17 years old and $37.50 per child under 6 years old. This will result in about a $10 to $13 reduction per child in the three remaining monthly payments.

The IRS will send letters to affected individuals with this information. The IRS continues to closely monitor this program and the agency appreciates the patience of those whose payments were affected.

The IRS encourages partners and community groups to share information and use available online tools and toolkits to help non-filers, low-income families and other underserved groups sign up to receive these benefits.

Links to online tools and answers to frequently asked questions and other helpful resources are available on the IRS' special advance CTC 2021 page. It's at IRS.gov/childtaxcredit2021.

An ITIN only needs to be renewed if it has expired and is needed on a U.S. federal tax return

If your Individual Taxpayer Identification Number (ITIN) wasn't included on a U.S. federal tax return at least once for tax years 2018, 2019, and 2020, your ITIN will expire on December 31, 2021.

As a reminder, ITINs with middle digits 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, or 88 have expired. In addition, ITINs with middle digits 90, 91, 92, 94, 95, 96, 97, 98, or 99, IF assigned before 2013, have expired. If you previously submitted a renewal application and it was approved, you don't need to renew again.

Join the cause and become an IRS volunteer

The Volunteer Income Tax Assistance (VITA) and Tax Counseling for the Elderly (TCE) programs are currently recruiting people to become IRS-certified volunteers to help taxpayers file their tax returns for free this upcoming tax season.

Volunteers will receive specialized training and can choose from a variety of volunteer roles to serve, including greeter, tax preparer and even interpreter. There are volunteer sites providing the option for volunteers to help taxpayers face to face as they normally do or in a virtual setting. Virtual volunteering is an option that allows volunteers to help taxpayers safely, over the phone or online, to complete their tax returns.

The VITA and TCE programs help return millions of dollars back to communities while helping improve and enhance customer service skills, and more, among its volunteers. The IRS and its community partners encourage people to join the cause and make a difference in communities across the country to help millions of taxpayers file their federal tax returns. Please encourage your constituents to visit IRS.gov/volunteers to learn more and sign up. After signing up, they'll receive the information needed to attend their virtual orientation.

Missed the October 15 deadline for extension filers?

Although October 15 was the last day for most people to file their 2020 tax returns, some taxpayers may have more time. They include:

- Members of the military and others serving in a combat zone. They typically have 180 days after they leave the combat zone to file returns and pay any taxes due.
- Taxpayers in federally declared disaster areas who already had valid extensions. For details, see the disaster relief page on IRS.gov.

There is usually no penalty for failure to file if the taxpayer is due a refund. However, people who wait too long to file and claim a refund, risk losing it altogether. Those who have yet to file a 2020 tax return, owe tax, can generally minimize penalties and interest by filing the return as soon as possible and paying any taxes owed.

Taxpayers will find answers to many questions using the Interactive Tax Assistant, a tax law resource that works using a series of questions and responses. Additionally, the IRS provides payment options

at IRS.gov/payments and tax information is available in several languages by clicking on the "English" tab on the front page of IRS.gov.

What you should know about required minimum distributions of retirement accounts

Funds can't be kept in a tax-deferred retirement account indefinitely. At some point, certain retirement account holders must begin taking required minimum distributions (RMDs) each year. Until recently, taxpayers were required to start taking taxable RMDs from their IRA, SIMPLE IRA, SEP IRA, or retirement plan account when they reached age 70½.

However, changes to RMDs were made by the Setting Every Community Up for Retirement Enhancement (SECURE) Act, signed into law in December 2019. Under the SECURE Act, if someone's 70th birthday was July 1, 2019, or later, they do not have to take RMDs until the year they reach age 72. The annual amount of someone's RMD depends on the amount in all their retirement accounts and their life expectancy.

More information, including how to calculate the amount of each annual RMD, is available on IRS.gov. Retirement account holders can take out more than their RMD each year.

Note: Roth IRAs are different. They do not require withdrawals until after the death of the owner.

A Closer Look: Providing resources to help cannabis business owners successfully navigate unique tax responsibilities

De Lon Harris, IRS commissioner, Small Business/Self Employed Examination, provides a closer look at the new IRS Marijuana Initiative. He also explains how the agency is supporting business owners and increasing voluntary compliance with the tax law while also identifying and addressing noncompliance.

Where's My Application for Tax-Exempt Status

The IRS receives more than 95,000 applications for tax-exempt status each year. The webpage Where's My Application for Tax-Exempt Status? will help you determine when you can expect to hear from the IRS. If your application was submitted after the postmark date in the chart, it has not yet been assigned to an Exempt Organizations specialist. Keep checking this webpage for updates and await IRS contact. **There is no need to call.** If you submitted your application before the postmark date in the chart and the IRS has not contacted you regarding your application, the webpage tells you how to contact the IRS to check on the status of your application.

IRS Tax Tips: Helpful taxpayer information on a variety of topics

- Nontraditional families may qualify for advance Child Tax Credit payments
- Understanding taxpayer rights: The right to finality
- ABLE accounts: A valuable financial solution for people with disabilities
- Here's how a taxpayer's custody situation may affect their advance Child Tax Credit payments
- Farmers and ranchers affected by drought have additional time to replace livestock

Additional information on IRS.gov

- Tax Scams and Consumer Alerts
- Give tax withholding a fresh look as 2021 year-end nears
- IRS announces 2022 Tax Counseling for the Elderly and Volunteer Income Tax Assistance program grants
- Expanded tax benefits help individuals and businesses give to charity during 2021; deductions up to $600 available for cash donations by non-itemizers
- New FAQs available to aid families and small businesses under the American Rescue Plan
- 2020 Recovery Rebate Credit
- Advance Child Tax Credit
- Coronavirus tax relief and Economic Impact Payments
- Get up-to-date status on affected IRS operations and services during COVID-19
- Tax relief in disaster situations
- Publication 5549, IRS User Guide: Child Tax Credit Update Portal (.pdf)
- Tax treatment of unemployment compensation
- Third Economic Impact Payments
- IRS updates process for frequently asked questions on new tax legislation and addresses reliance concerns
- Founder of Russian bank pleads guilty to tax fraud
- First person charged for fraudulently seeking COVID relief business loans sentenced
- Former Cleveland city councilman sentenced to 6 years and ordered to pay $746,000 in restitution
- Champaign County woman sentenced to prison for 52 months for embezzlement and federal tax evasion
- Ex-pastor of Orange County church sentenced to 14 years in federal prison for orchestrating $33 million con that defrauded investors

Help on IRS.gov

Filing – Payments – Refunds – Credits and Deductions – Forms and Instructions – Tax Questions

IRS in other languages - basic tax information is available in 21 languages, including English.

IRS on social media

YouTube – Twitter – Instagram – FaceBook

IRS2Go is the official mobile app of the IRS, available in both English and Spanish.

The *IRS Congressional Update* is a monthly newsletter prepared by IRS Legislative Affairs. For information on resolving taxpayer account issues, visit Taxpayer Advocate Service.