

July 15, 2021

Did you wake up today to an unexpected deposit in your bank account from the IRS today called 'IRS TREAS 310'? We are writing to provide additional information on what these payments are and how they will affect you.

Today, the IRS began depositing **advances of the 2021 Child Tax Credit** in taxpayer bank accounts. The advances will be deposited monthly on the 15th of the month for the six remaining months of 2021. The most important thing to know is that this is an **ADVANCE** of your 2021 expected child tax credit, based upon the adjusted gross income from the most recently processed Federal tax return the IRS has on file. If you qualify for all or some of the 2021 child tax credit when we file your 2021 Federal tax return, the amount of the advance that you receive in 2021 will be reconciled against your tax liability and your tax refund or liability will be adjusted for the amount advanced to you. **This could result in your tax refund being lower than you expect, or your liability higher than expected.** If you do not qualify for the credit based on your 2021 income, **you will have to pay back the funds** when your 2021 tax return is finalized, resulting in an unexpected bill or reduced refund.

If you did not receive the deposit, it is likely because you do not have any qualifying children to claim this credit, or that your adjusted gross income does not qualify you for the credit. If you believe you qualify for the credit but did not receive the advance, we recommend you log into the IRS Child Tax Credit Update Portal linked below to verify your eligibility.

Further Details provided by the IRS on this Advance can be found here - <https://www.irs.gov/credits-deductions/advance-child-tax-credit-payments-in-2021>

If you do not wish to receive the advance payments, you can opt out of receiving payments beginning with next month's August payment. The opt out process is easy and can be accomplished quickly at this newly created IRS Portal <https://www.irs.gov/credits-deductions/child-tax-credit-update-portal>. Once you opt out, you cannot change your mind and re-opt into receiving the advance. If you opt out of the advance and still qualify for the child tax credit, the full amount which you are due will be calculated on your 2021 Federal tax return. **Taxpayers and spouses should be receiving deposits separately if a married filing joint tax return was filed, so if you wish to opt out, both taxpayer and spouse need to log in to opt out.**

Finally, please keep in mind that in order to prepare your 2021 tax return accurately, we will need to know the total amount of advance payments you received in 2021. You will be able to obtain that amount through this Portal <https://www.irs.gov/credits-deductions/child-tax-credit-update-portal>. **Inaccurate reporting of your advance payments to us could delay processing of next year's tax return because the IRS will need to reconcile their records to the amount you report to us.**

If you have any questions about your specific situation, please do not hesitate to call me to discuss.