



More Covid-19 Relief

Dear Dr. Per Cap:

How do I know if I'm eligible to receive the new Covid-19 monthly relief payments that were just announced?

Signed,

Arizona Mom

Dear Arizona Mom

It's official. Starting in July the IRS will begin making monthly payments to families that qualify for a recently expanded child tax credit. This Covid-19 related benefit is part of the American Rescue Plan, a nearly \$2 trillion dollar relief package signed into law in March. It's the latest round of numerous federal relief packages since the virus hit last spring.

The first step to qualify is to file a 2020 tax return. The filing deadline has been extended to May 17th but don't wait that long. The credit is based on your 2020 federal return so the sooner you file the sooner you can qualify for the direct payments.

The child tax credit is nothing new; however, it's ordinarily capped at \$2,000 a year for each child under seventeen for families under a certain income level. The new and expanded credit increases this amount to \$3,600 for each child six and under and \$3,000 for older kids of families earning less than \$75,000 a year or \$150,000 for married couples.

Similar to the three Covid-19 Economic Impact payments, the last of which was paid earlier this year, the amount of the expanded child tax credit is gradually reduced for higher income families and completely phases out for families earning \$95,000 annually or \$170,000 for married couples.

As mentioned, a unique feature of the credit is that rather than wait until next year to claim it, payments begin in July.

Also remember that this is a one year expansion of the child tax credit that only applies to 2021. For families that qualify for the full credit monthly payments will amount to \$300 for each child six and

under and \$250 for ages seven and up. Payments will be made by check, direct deposit, or debit card through December.

If that math doesn't add up, it's because it doesn't. Six months of payments only equals \$1,500 and \$1,800 respectively or half the full credit amount. The remaining half will be claimed next year when filing your 2021 tax return.

As always, keep tabs on your available tribal Covid-19 benefits too. The American Rescue Plan provides specific funds to support tribal nations in their ongoing efforts to provide expended services and benefits to tribal citizens. In the meantime stay safe. We're in a lot better shape than a year ago but we need to stay vigilant.

Ask Dr. Per Cap is a program funded by First Nations Development Institute with assistance from the FINRA Investor Education Foundation. For more information, visit www.firstnations.org. To send a question to Dr. Per Cap, email askdrpercap@firstnations.org.