



The Child Tax Credit in the October 28 Modified Version of the Build Back Better Act: Summary Table

October 29, 2021

On October 28, 2021, the House Rules Committee posted a [modified version](#) of the Build Back Better Act (BBBA; H.R. 5376) that reflected the [Biden Administration's framework](#). This modified bill would extend the [2021 expansion of the child credit](#) for one year—2022—and would permanently make the credit [fully refundable](#) beginning in 2023. As a result of these changes, many taxpayers in 2022 would continue to receive a monthly benefit of up to \$300 per young child (0-5 years old) and up to \$250 per older child (6-17 years old). Other aspects of the proposed credit in 2022 are similar to those [in effect for 2021](#).

This proposal extends and modifies the 2021 expansion of the child tax credit enacted under the American Rescue Plan Act of 2021 (ARPA; P.L. 117-2). At the end of September 2021, the House Budget Committee reported the BBBA (H.R. 5376), which would have effectively extended the ARPA-expanded credit through the end of 2025 and permanently made the credit fully refundable. (That proposal's changes to the child credit are summarized [here](#).)

The modified legislation (released October 28) is similar to the child credit provisions in the [House Budget Committee reported BBBA](#) (reported on September 27). Major [differences](#) include the following:

- The 2021 expansion of the child credit (and advance payments) would be extended for one year under the October 28 legislation—2022—as opposed to through the end of 2025 under the House Budget Committee reported bill.
- Advance payments of the 2022 credit would generally only be issued to taxpayers with incomes under \$150,000 if married filing jointly or income under \$112,500 if a head of household filer under the October 28 legislation, as opposed to the House Budget Committee reported bill.
- The 2022 child credit parameters would not be indexed for inflation under the October 28 legislation, unlike the House Budget Committee bill, which included an indexing provision.

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Major changes to the child tax credit made by the October 28 modified legislative text are summarized below in **Table 1**. However, **Table 1** is not a comprehensive accounting of every change included in the October 28 BBBA text, nor does it include specific details for every proposed change. The figures following the table illustrate the annual credit amount by income for different years.

Table 1. Selected Parameters of the Child Tax Credit
 Under the October 28 Modified Version of the Build Back Better Act (H.R. 5376)

Parameter	Current Law 2021 ^a (including changes made by ARPA)	Proposed 2022	Proposed 2023-2025	Proposed After 2025
Maximum Credit Amount	\$3,600 per child 0-5 years old \$3,000 per child 6-17 years old <i>not adjusted for inflation</i>	Same as 2021	\$2,000 per child 0-16 years old <i>not adjusted for inflation</i>	\$1,000 per child 0-16 years old <i>not adjusted for inflation</i>
Credit Amount Low-Income Taxpayers Can Receive	\$3,600 per child 0-5 years old \$3,000 per child 6-17 years old Fully refundable ^b <i>Fully refundable means low-income taxpayers (i.e., those with little to no income and who owe little to nothing in income taxes) receive the “full” or maximum credit amount, irrespective of their income.</i>	Same as 2021	\$2,000 per child 0-16 Fully refundable ^b	\$1,000 per child 0-16 years old Fully refundable ^b
Maximum Monthly Amount	\$300 per young child \$250 per older child <i>not adjusted for inflation</i>	Same as 2021	N/A. No monthly payment of credit.	N/A. No monthly payment of credit.
Phaseout Threshold(s) <i>MFJ: married filing jointly HOH: head of household S: single</i>	<u>Initial Threshold</u> <i>(Phaseout of Increased Credit)</i> \$150,000 MFJ \$112,500 HOH \$75,000 S <u>Second Threshold</u> <i>(Phaseout of Pre-ARPA Credit)</i> \$400,000 MFJ \$200,000 HOH \$200,000 S	Same as 2021	\$400,000 MFJ \$200,000 HOH \$200,000 S	\$110,000 MFJ \$75,000 HOH \$75,000 S
Income Lookback for Phaseout	No	Yes. Lowest income of the current year (2022) and preceding year (2021).	No	No
ID Requirement of Qualifying Child	Work-authorized SSN	Any taxpayer ID (e.g., SSN/ITIN/ATIN)	Same as 2022	Same as 2022 ^c

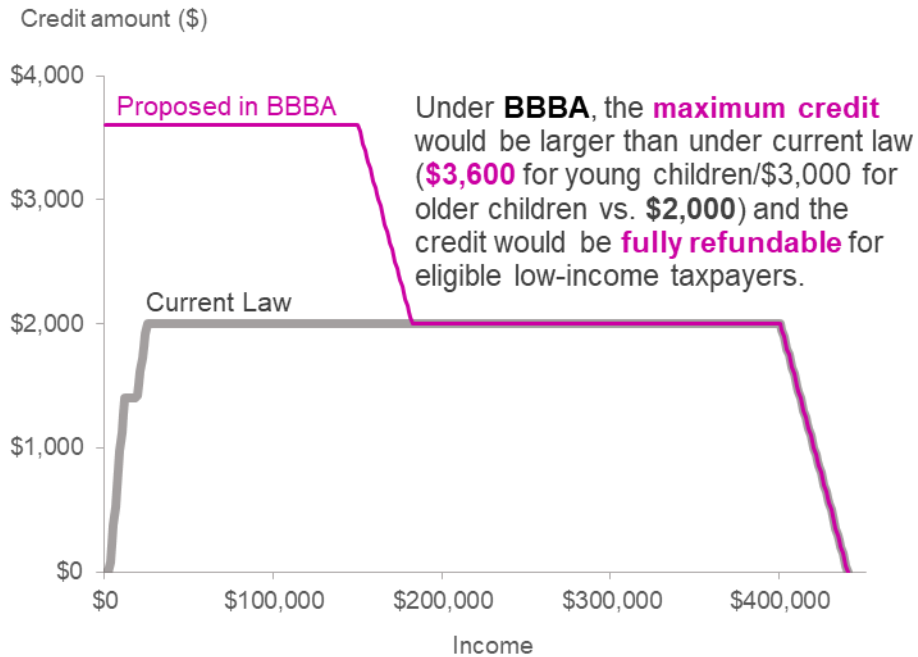
Parameter	Current Law 2021 ^a (including changes made by ARPA)	Proposed 2022	Proposed 2023-2025	Proposed After 2025
ID Requirement of Taxpayer	Any taxpayer ID (e.g., SSN/ITIN)	Same as 2021	Same as 2021	Same as 2021
Maximum Qualifying Child Age	17 years old	17 years old	16 years old	16 years old
Method of Receipt	Up to 50% advanced; remainder claimed on tax return	Up to 100% advanced	No advance. Credit claimed on tax return.	No advance. Credit claimed on tax return.
Repayment protection for excess advance payments^d	<p>Repayment is limited to cases where the number of children used to estimate the advance payments of the 2021 credit differs from the number of children actually claimed on the 2021 return. In these cases, any amount the taxpayer would otherwise need to repay is reduced by a safe harbor amount. The maximum safe harbor amount is \$2,000 times this difference in number of children.</p> <p>The safe harbor amount is subject to phaseout.</p> <p>There is no repayment protection for changes in credit amount due to changes in income and marital status between the reference year and the applicable return.</p>	<p>Repayment would be limited to cases where the number of children used to estimate the advance payments of the 2022 credit differs from the number of children actually claimed on the 2022 return. The maximum safe harbor would be \$3,600 times this difference in number of young children 0-5 years old, plus \$3,000 times this difference in number of older children 6-17 years old.</p> <p>Safe harbor amount would be subject to phaseout.</p> <p>There would be no repayment protection for changes in credit amount due to changes in income and marital status between the reference year and the applicable return.</p>	N/A	N/A
Would Other Temporary Modification(s) to the Child Credit Be in Effect?	Yes, ARPA changes for 2021 are layered on existing temporary changes made by P.L. 115-97.	Yes, proposed changes in BBBA for 2022 would be layered on existing temporary changes made by P.L. 115-97.	Same as 2022	No. Temporary changes made by P.L. 115-97 are scheduled to expire.

Source: CRS analysis of the [October 28 text of the Build Back Better Act](#).

Notes: A child's age for the purposes of these age limits is based on their age on last day of the year. For the purposes of advancing the credit, the IRS can use existing data to project the child's age. Income for most taxpayers is their [adjusted gross income \(AGI\)](#).

- a. The bill also [proposes making changes to the credit for 2021](#) concerning the applicability of the safe harbor, married joint filers, and data used to calculate the advance payments.
 - b. Low-income taxpayers are generally only eligible for the full amount in 2021 if their [principal place of abode is in the United States](#) or Puerto Rico. This provision permanently extends that requirement to receive a fully refundable tax credit.
 - c. Prior to the expansion of the child credit under ARPA, the ID requirement for qualifying children was temporarily changed from *any taxpayer ID* to a *work-authorized SSN* for 2018-2025. Hence, under current law, absent any changes under BBBA, the taxpayer ID requirement for qualifying children is scheduled to be *any taxpayer ID* beginning in 2026.
 - d. Excess advance payments are equal to the value of the credit a taxpayer is eligible to claim on their tax return minus amounts received as advance payments.
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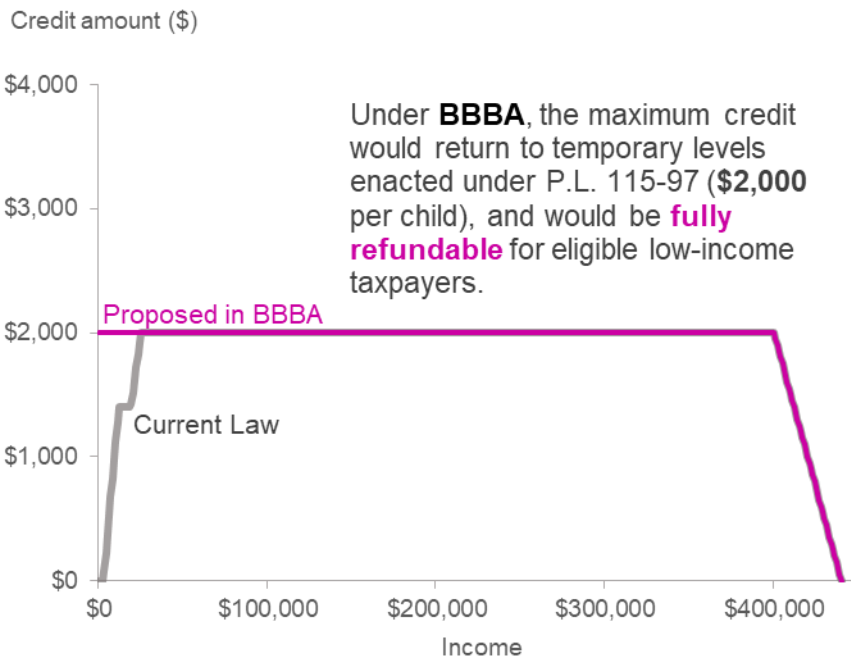
Child Credit Amount by Income, 2022 Married Couple with One Young Child



Source: CRS analysis of the October 28 modified version of the Build Back Better Act (BBBA; H.R. 5376), as posted on the House Rules Committee website.

Notes: This is a stylized example. The married couple is assumed to file jointly. Income to phase out the credit is modified adjusted gross income as defined under Internal Revenue Code (IRC) §24(b)(1). Young children are those 0-5 years old. Older children are those 6-17 years old.

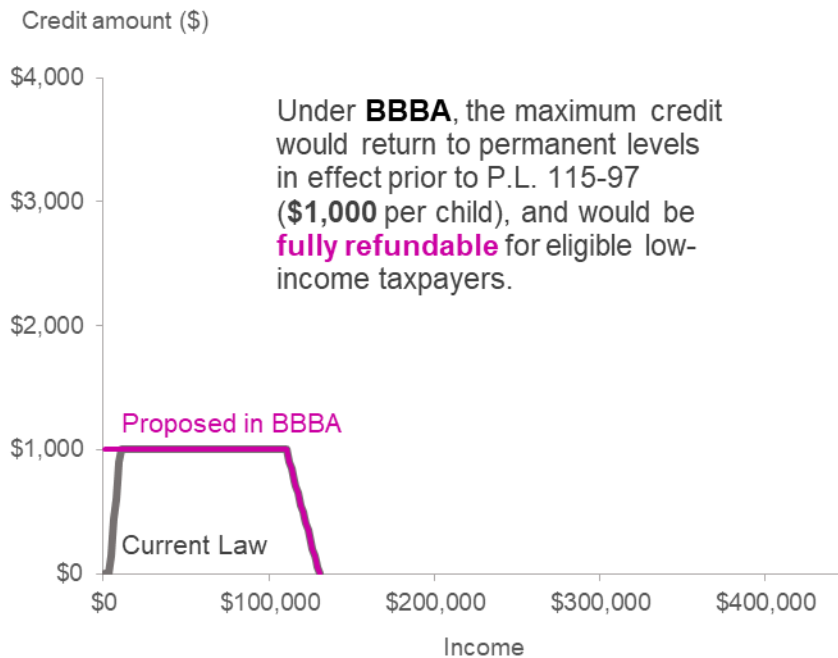
Child Credit Amount by Income, 2023-2025 Married Couple with One Young Child



Source: CRS analysis of the October 28 modified version of the Build Back Better Act (BBBA; H.R. 5376), as posted on the House Rules Committee website.

Notes: This is a stylized example. The married couple is assumed to file jointly. Income to phase out the credit is modified adjusted gross income as defined under Internal Revenue Code (IRC) §24(b)(1). Young children are those 0-5 years old. Older children are those 6-16 years old.

Child Credit Amount by Income, 2026- Married Couple with One Young Child



Source: CRS analysis of the October 28 modified version of the Build Back Better Act (BBBA; H.R. 5376), as posted on the House Rules Committee website.

Notes: This is a stylized example. The married couple is assumed to file jointly. Income to phase out the credit is modified adjusted gross income as defined under Internal Revenue Code (IRC) §24(b)(1). Young children are those 0-5 years old. Older children are those 6-16 years old.

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