Congressional Research Service
Informing the legislative debate since 1914

INSIGHT

The Child Tax Credit in the House-Passed Build Back Better Act: Summary Table

Updated December 6, 2021

On November 19, 2021, the House passed the Build Back Better Act (BBBA; H.R. 5376). BBBA 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 would be similar to those in effect for 2021.

The House-passed BBBA child credit provisions differ from those in the legislation as it was initially reported by the House Budget Committee on September 27, 2021.

Major differences include

- The 2021 expansion of the child credit (and advance payments) would be extended for one year under the House-passed BBBA—2022—as opposed to extended for four years (through the end of 2025) under the House Budget Committee reported bill. (Monthly determination of eligibility and modified administration of the advance payments that was included in the September 27 bill is *not* included in the House-passed 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 House-passed bill, as opposed to the House Budget Committee reported bill.
- The 2022 child credit parameters would not be indexed for inflation under the House-passed bill, unlike the House Budget Committee reported bill, which included an indexing provision.
- The House-passed bill includes $3.9633 billion for IRS administration of the credit, and $1 billion to support efforts to increase enrollment among eligible nonfilers (both amounts would be available through September 30, 2026). In the House Budget Committee reported bill, these amounts were $9 billion and $1 billion, respectively.

Major changes to the child tax credit made by the House-passed BBBA are summarized below in **Table 1**. **Table 1** is not a comprehensive accounting of every change included in the House-passed BBBA, nor

Congressional Research Service
https://crsreports.congress.gov
IN11786

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 November 19 House-passed Build Back Better Act (H.R. 5376)

Parameter	CURRENT LAW			PROPOSED UNDER BBBA		
	2021[a] (a)	**2022-2025** (b)	**After 2025** (c)	**2022** (d)	**2023-2025** (e)	**After 2025** (f)
Maximum Credit Amount	$3,600 per child 0-5 years old $3,000 per child 6-17 years old *not adjusted for inflation*	$2,000 per child 0-16 years old *not adjusted for inflation*	$1,000 per child 0-16 years old *not adjusted for inflation*	Same as current law for 2021 (a)	Same as current law for 2022-2025 (b)	Same as current law after 2025 (c)
Credit Amount Low-Income Taxpayers Can Receive	Fully refundable[b] $3,600 per child 0-5 years old Fully refundable[b] $3,000 per child 6-17 years old	Phased-in amount calculated based on earned income formula: 15% of earned income above $2,500 not to exceed $1,400 per child 0-16 years old	Phased-in amount calculated based on earned income formula: 15% of earned income above $3,000 not to exceed $1,000 per child 0-16 years old	Same as current law for 2021 (a)	Fully refundable[b] $2,000 per child 0-16	Fully refundable[b] $1,000 per child 0-16 years old
Maximum Monthly Amount	$300 per young child $250 per older child *not adjusted for inflation*	N/A. No monthly payment of credit	N/A. No monthly payment of credit	$300 per young child $250 per older child *not adjusted for inflation*	N/A. No monthly payment of credit	N/A. No monthly payment of credit
Phaseout Threshold(s) *MFJ: married filing jointly* *HOH: head of household* *S: single*	**Initial Threshold** *(Phaseout of Increased Credit)* $150,000 MFJ $112,500 HOH $75,000 S	$400,000 MFJ $200,000 HOH $200,000 S	$110,000 MFJ $75,000 HOH $75,000 S	Same as current law for 2021 (a)	Same as current law for 2022-2025 (b)	Same as current law after 2025 (c)

Parameter	CURRENT LAW			PROPOSED UNDER BBBA		
	2021[a] (a)	**2022-2025** (b)	**After 2025** (c)	**2022** (d)	**2023-2025** (e)	**After 2025** (f)
	Second Threshold *(Phaseout of Pre-ARPA Credit)* $400,000 MFJ $200,000 HOH $200,000 S					
Income Lookback for Phaseout	No	No	No	Yes. Lowest income of the current year (2022) and preceding year (2021)	No	No
ID Requirement of Qualifying Child	Work-authorized SSN	Work-authorized SSN	Any taxpayer ID (e.g., SSN/ITIN/ ATIN)	Same as current law after 2025 (c)	Same as current law after 2025 (c)	Same as current law after 2025 (c)[c]
ID Requirement of Taxpayer	Any taxpayer ID (e.g., SSN/ITIN)	Any taxpayer ID (e.g., SSN/ITIN)	Any taxpayer ID (e.g., SSN/ITIN)	Same as current law (a), (b), & (c)	Same as current law (a), (b), & (c)	Same as current law (a), (b), & (c)
Maximum Qualifying Child Age	17 years old	16 years old	16 years old	17 years old	16 years old	16 years old
Method of Receipt	Up to 50% advanced; remainder claimed on tax return	No advance. Credit claimed on tax return.	No advance. Credit claimed on tax return.	Up to 100% advanced	No advance. Credit claimed on tax return.	No advance. Credit claimed on tax return.

Parameter	CURRENT LAW			PROPOSED UNDER BBBA		
	2021[a] (a)	2022-2025 (b)	After 2025 (c)	2022 (d)	2023-2025 (e)	After 2025 (f)
Repayment protection for excess advance payments[d]	**Safe Harbor Amount:** 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. **Safe Harbor Phaseout:** The safe harbor amount is subject to phaseout.	N/A	N/A	**Safe Harbor Amount:** 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. **Safe Harbor Phaseout:** Same as current law for 2021 (a)	N/A	N/A

Parameter	CURRENT LAW			PROPOSED UNDER BBBA		
	2021[a] (a)	2022-2025 (b)	After 2025 (c)	2022 (d)	2023-2025 (e)	After 2025 (f)
	Applicability of Safe Harbor: 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.			**Applicability of Safe Harbor:** Same as current law for 2021 (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. Temporary changes made by P.L. 115-97 are in effect.	No. Temporary changes made by P.L. 115-97 are scheduled to expire.	Yes. Proposed changes in BBBA for 2022 would be 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.	No. Temporary changes made by P.L. 115-97 are scheduled to expire.

Source: CRS analysis of the Build Back Better Act, as passed the House of Representatives on November 19, 2021.

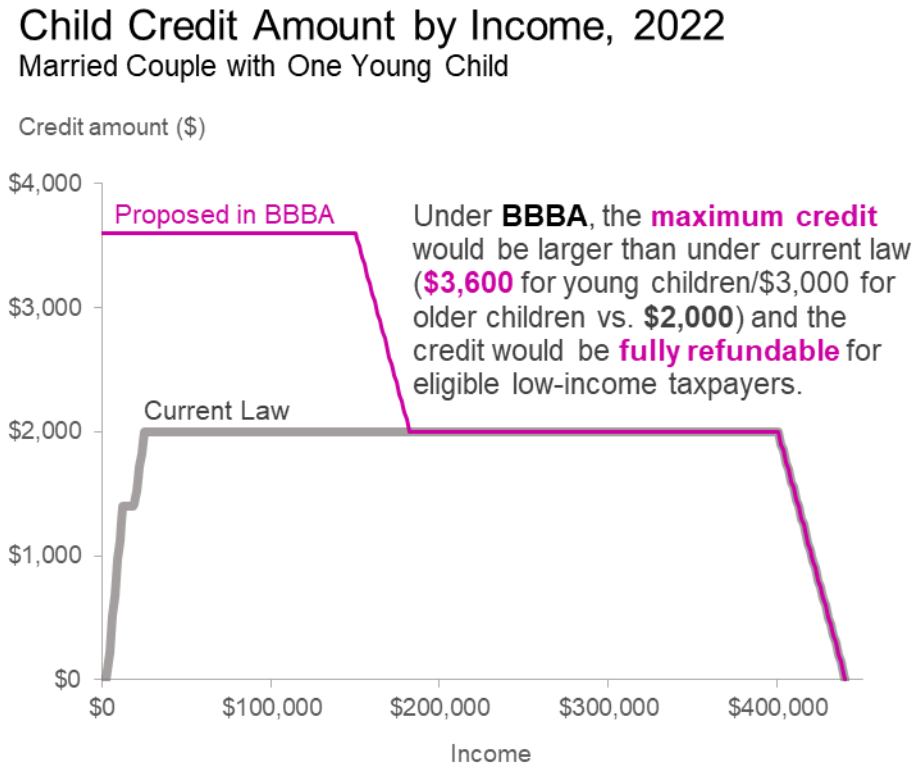
Notes: A child's age for the purposes of these age limits is based on their age on last day of the year. For the purposes of advancing the credit, the IRS can use existing data to project the child's age. Income for most taxpayers is their adjusted gross income (AGI).

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.

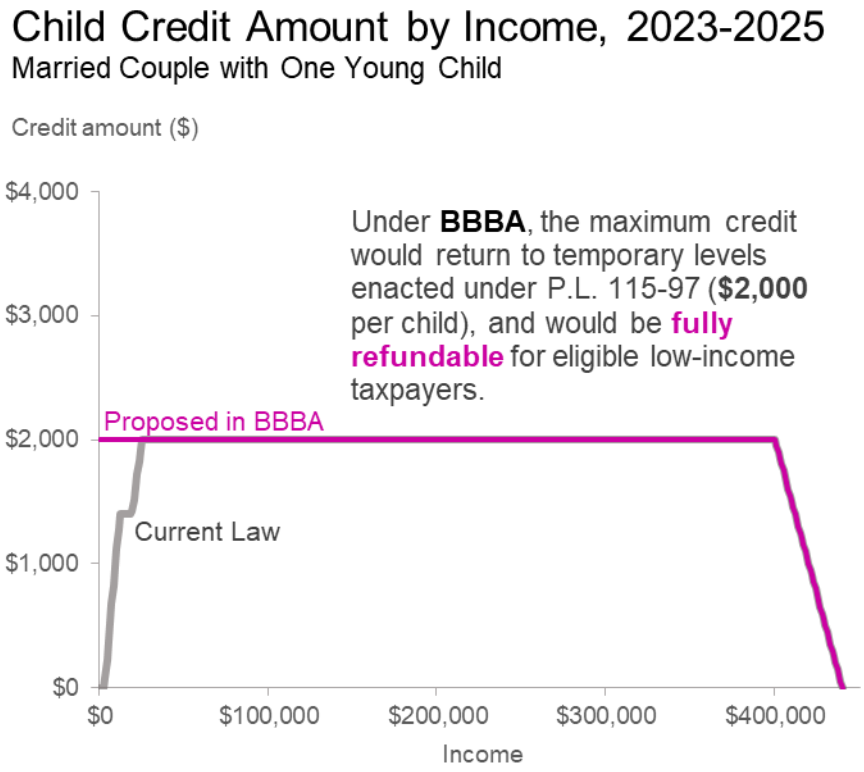
b. Fully refundable means eligible low- and moderate-income taxpayers can receive the "full" or maximum credit amount, irrespective of their income. Low-income taxpayers are generally only eligible for the full amount in 2021 if their principal place of abode is in the United States or Puerto Rico. This provision permanently extends that requirement to receive a fully refundable tax credit.

c. Prior to the expansion of the child credit under the American Rescue Plan Act (ARPA; P.L. 117-2), 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.

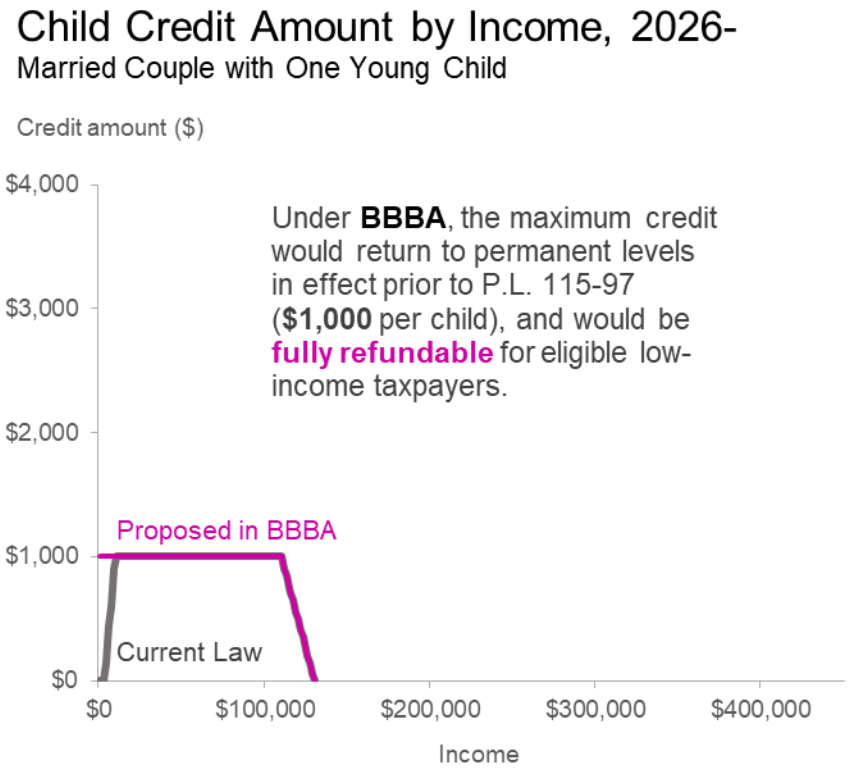
d. Excess advance payments are equal to the value of the credit a taxpayer is eligible to claim on their tax return minus amounts received as advance payments.



Source: CRS analysis of the of the Build Back Better Act (BBBA; H.R. 5376), as passed the House of Representatives on November 19, 2021.
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.



Source: CRS analysis of the Build Back Better Act (BBBA; H.R. 5376), as passed the House of Representatives on November 19, 2021.
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.



Source: CRS analysis of the Build Back Better Act (BBBA; H.R. 5376), as passed the House of Representatives on November 19, 2021.
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.

Author Information

Margot L. Crandall-Hollick
Specialist in Public Finance

Disclaimer

This document was prepared by the Congressional Research Service (CRS). CRS serves as nonpartisan shared staff to congressional committees and Members of Congress. It operates solely at the behest of and under the direction of Congress. Information in a CRS Report should not be relied upon for purposes other than public understanding of

information that has been provided by CRS to Members of Congress in connection with CRS's institutional role. CRS Reports, as a work of the United States Government, are not subject to copyright protection in the United States. Any CRS Report may be reproduced and distributed in its entirety without permission from CRS. However, as a CRS Report may include copyrighted images or material from a third party, you may need to obtain the permission of the copyright holder if you wish to copy or otherwise use copyrighted material.