

# The Child Tax Credit Under the House Ways and Means Committee “Build Back Better” Reconciliation Language: Summary Table of Changes

September 22, 2021

In September 2021, the House Ways and Means Committee approved [reconciliation language](#) that would, among other changes, effectively extend the expanded child credit in effect in 2021 through the end of 2025. If these changes were to go into effect, eligible taxpayers would receive a monthly per-child benefit of up to \$300 for young children and up to \$250 for older children through the end of 2025.

- For 2022, the proposal extends the credit in effect in 2021, with some modifications that would affect its administration in certain cases.
- For 2023-2025, the proposal modifies eligibility rules and administration of the credit. These changes are broadly intended to allow the credit to be more “portable” if children move between taxpayers during the year, and limit repayment obligations in certain cases.
- After 2025, under current law, the credit is scheduled to return to its prior-law parameters. However, the Ways and Means language would modify current law such that the credit would permanently be [fully refundable](#).

Major changes to the child tax credit made by the Ways and Means reconciliation language are summarized below in **Table 1**. This is not a comprehensive accounting of every change, nor does it include specific details for every proposed change. More details on these changes are provided by the [Joint Committee on Taxation \(JCT\)](#). JCT estimates the cost of all the changes to the child credit included in the Ways and Means reconciliation language to be [\\$556 billion](#) between FY2022 and FY2031.

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**Table 1. Summary of Major Provisions of the Child Tax Credit Current Law for 2021 and Under the Ways and Means Reconciliation Bill**

	Proposed Under the Ways and Means Reconciliation Language			
	2021 Current Law, as amended by ARPA, P.L. 117-2 <sup>a</sup>	2022	2023-2025	2026-
Credit Amount				
Major factors that determine the monthly credit amount	Number of qualifying children (annual, see eligibility rules) Income (annual) Filing status (annual)	Same as 2021	Number of specified children (monthly, see eligibility rules) Income (annual) Filing status (annual)	Same as 2021
Maximum annual amount <sup>b</sup>	\$3,600 per young child \$3,000 per older child fully refundable not adjusted for inflation young child: 0-5 years old older child: 6-17 years old	Same as 2021 adjusted for inflation	\$3,600 per young child \$3,000 per older child if taxpayer has a “specified child” for all 12 months of the year fully refundable adjusted for inflation young child: 0-5 years old older child: 6-17 years old	\$1,000 per child fully refundable not adjusted for inflation child: 0-16 years old
Maximum monthly amount <sup>b</sup>	\$300 per young child \$250 per older child not adjusted for inflation	Same as 2021 adjusted for inflation	Same as 2021 adjusted for inflation	NA. No monthly payment of credit.
Initial phaseout thresholds	\$112,500 HOH <sup>c</sup> \$150,000 MFJ <sup>d</sup> not adjusted for inflation	Same as 2021 adjusted for inflation	Same as 2021 adjusted for inflation	\$75,000 HOH \$110,000 MFJ not adjusted for inflation
Secondary phaseout thresholds	\$200,000 HOH \$400,000 MFJ not adjusted for inflation	Same as 2021 not adjusted for inflation	\$300,000 HOH \$400,000 MFJ not adjusted for inflation	NA
Income lookback for phaseout	No.	Yes. Lowest income of the current year and preceding year.	Yes. Lowest income of the current year and the preceding two years.	No.
Phaseout formula	Income below initial phaseout threshold: no phaseout	Same as 2021	Income below initial phaseout threshold: no phaseout	Income below phaseout threshold no phaseout

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**Proposed Under the Ways and Means Reconciliation Language**

	<b>2021 Current Law, as amended by ARPA, P.L. 117-2<sup>a</sup></b>	<b>2022</b>	<b>2023-2025</b>	<b>2026-</b>
	<b>Income between initial and secondary threshold:</b> Phaseout of annual benefit by 5% of (income minus the initial threshold) subject to limitation.  Under this limitation, credit cannot be reduced below \$2,000 per child after the first phaseout.  <b>Income above secondary threshold:</b> After reducing annual amount by initial phaseout, reduce further by 5% of (income minus secondary threshold).		<b>Income between initial and secondary threshold:</b> Phaseout of monthly benefit by 1/12 of 5% of (income minus initial threshold) subject to limitation.  Under this limitation, credit cannot be reduced below \$167 per child after the first phaseout.  <b>Income above secondary threshold:</b> After reducing monthly amount by initial phaseout, reduce further by 1/12 of 5% of (income minus secondary threshold).	<b>Income above phaseout threshold:</b> Phaseout on annual benefit by 5% of (income minus threshold)
<b>Child Eligibility Rules</b>				
<b>Age</b>	<b>“qualifying child”</b>	<b>“qualifying child”</b>	<b>“specified child”</b>	<b>“qualifying child”</b>
	Under 18 years old	Same as 2021	Same as 2021	Under 17 years old
<b>Residency</b>	Lives with the taxpayer for more than half the year	Same as 2021	Lives with the taxpayer for more than half the month	Same as 2021
<b>Relationship to taxpayer</b>	Child or sibling of taxpayer or descendent thereof (as defined in IRC §152(c)).	Same as 2021	“Primary carer” broadly meaning the child receives uncompensated care from the taxpayer, as specified.	Same as 2021
<b>ID requirement of the child</b>	Work-authorized SSN	Any taxpayer ID (e.g., SSN/ITIN/ATIN)	Same as 2022	Same as 2022
<b>ID requirement of the taxpayer</b>	Any taxpayer ID (e.g., SSN/ITIN)	Same as 2021	Same as 2021	Same as 2021

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**Proposed Under the Ways and Means Reconciliation Language**

	<b>2021 Current Law, as amended by ARPA, P.L. 117-2<sup>a</sup></b>	<b>2022</b>	<b>2023-2025</b>	<b>2026-</b>
<b>Repayment of Excess Advance Payments</b>				
<b>Repayment protection for excess advance payments<sup>e</sup></b>	\$2,000 per child accounted for during the reference <sup>f</sup> year but not on the applicable return.  Safe harbor amount is <b>subject to phaseout</b> .	\$3,600 per young child/\$3,000 per older child accounted for during the reference year <sup>f</sup> but not on the applicable return.  Safe harbor amount would be subject to same phaseout as 2021.	Amounts paid during a <i>period of presumptive eligibility</i> would generally not be subject to repayment (except in cases of fraud and reckless disregard). <sup>g</sup>	NA

**Source:** CRS analysis of Internal Revenue Code §24, §7527A, and the [Ways and Means Committee print](#).

**Notes:** A child's age is based on the last day of the year. 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 the United States](#) (or Puerto Rico). This provision permanently extends that requirement to receive a fully refundable tax credit.
- c. HOH: head of household filer.
- d. MFJ: married filing jointly.
- e. 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.
- f. Reference year is generally the preceding year or if that is not available, the year before the preceding year.
- g. Taxpayers may also need to repay advanced monthly credit amount if annual changes in income and/or filing status changed between the reference year and the year of the applicable return.

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