



The Child Tax Credit in the Senate Finance Committee Text of the Build Back Better Act: Summary Table

December 14, 2021

On [December 11, 2021](#), the Senate Finance Committee released [updated text](#) of the committee’s provisions in the Build Back Better Act (BBBA; H.R. 5376). This updated text of the 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).

With respect to the child tax credit provisions, the updated Finance Committee text is *virtually identical* to the [House-passed BBBA](#) (see table note “a” at the end of **Table 1** for more information).

Major changes to the child tax credit made by the Finance Committee’s updated BBBA text are summarized below in **Table 1**. **Table 1** is not a comprehensive accounting of every change included in the updated Finance Committee 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.

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Table I. Selected Parameters of the Child Tax CreditUnder the [December 11 Updated Senate Finance Committee Text](#) of the 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 <i>not adjusted for inflation</i>	\$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>	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 years old	Fully refundable^b \$1,000 per child 0-16 years old
Maximum Monthly Amount	\$300 per young child \$250 per older child <i>not adjusted for inflation</i>	N/A. No monthly payment of credit	N/A. No monthly payment of credit	\$300 per young child \$250 per older child <i>not adjusted for inflation</i>	N/A. No monthly payment of credit	N/A. No monthly payment of credit
Phaseout Threshold(s) <i>MFJ: married filing jointly</i> <i>HOH: head of household</i> <i>S: single</i>	Initial Threshold (Phaseout of Increased Credit) \$150,000 MFJ \$112,500 HOH \$75,000 S Second Threshold (Phaseout of Pre-ARPA Credit) \$400,000 MFJ \$200,000 HOH \$200,000 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)
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) ^e
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 (IRS advanced as 6 monthly payments in 2021); remainder claimed on tax return	No advance. Credit claimed on tax return.	No advance. Credit claimed on tax return.	Up to 100% advanced (bill would advance all of the credit in 12 payments in 2022 for taxpayers with income below initial threshold) ^d	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^e	<p>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.</p> <p>Safe Harbor Phaseout: The safe harbor amount is subject to phaseout.</p>	N/A	N/A	<p>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.</p> <p>Safe Harbor Phaseout: Same as current law for 2021 (a)</p>	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, [updated text released by the Senate Finance Committee on December 11, 2021](#).

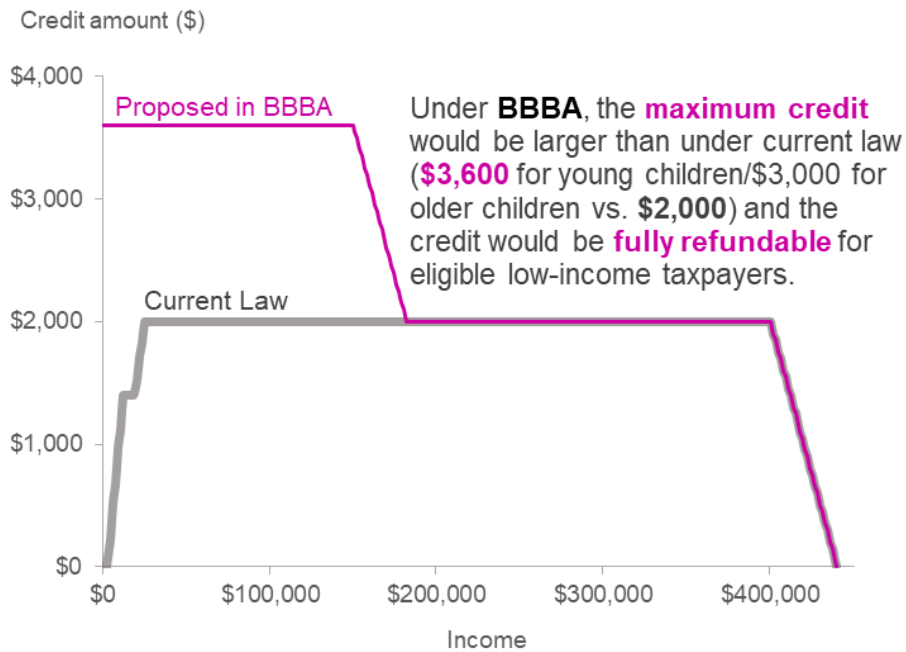
Notes: A child's age for the purposes of these age limits is based on their age on last day of the year. For the purposes of advancing the credit, the IRS can use existing data to project the child's age. Income for most taxpayers is their [adjusted gross income \(AGI\)](#).

- 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. These are virtually identical to the changes included in the [House-passed version of the BBBA](#). One key difference between the House-passed text and the updated Senate Finance committee text concerns the types of information that the Treasury Secretary could disclose to certain taxpayers who receive advance payment of the child credit. Under both versions of the bill, in the case of an individual who receives an advance payment, and who was a married joint filer during the reference year (generally the previous year data used to calculate advance payments), the Treasury Secretary may disclose to that individual's spouse (or former spouse) information about the individual's number of qualifying children (and their names and taxpayer IDs), income, marital status, and principal place of abode. In the updated Senate Finance Committee text, this "principal place of abode" language is eliminated and replaced with *whether* the individual's principal place of abode is the United States or *whether* the individual is a resident of Puerto Rico.
- 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. 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. This provision is also included in the House-passed bill.

- 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.

Child Credit Amount by Income, 2022

Married Couple with One Young Child



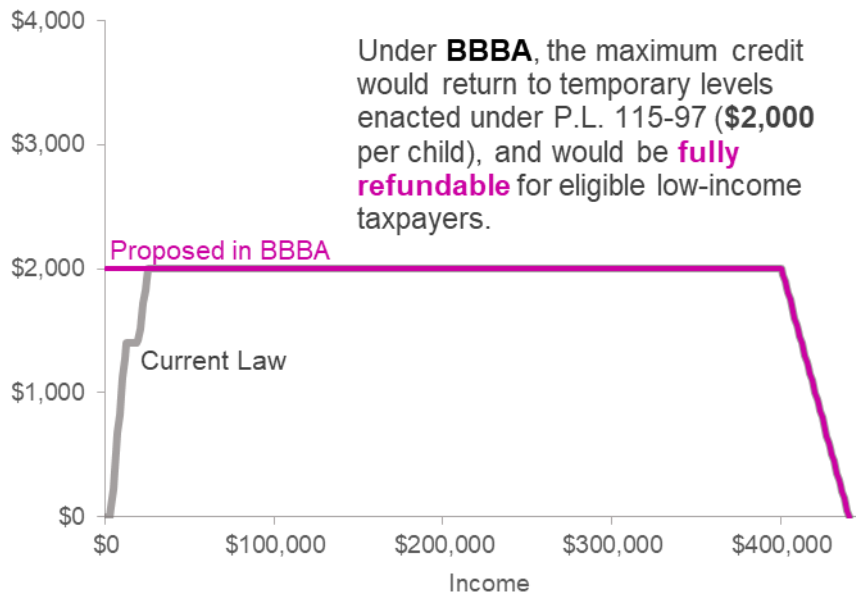
Source: CRS analysis of the of the Senate Finance Committee updated text of the Build Back Better Act (BBBA; H.R. 5376), released December 11, 2021.

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.

Child Credit Amount by Income, 2023-2025

Married Couple with One Young Child

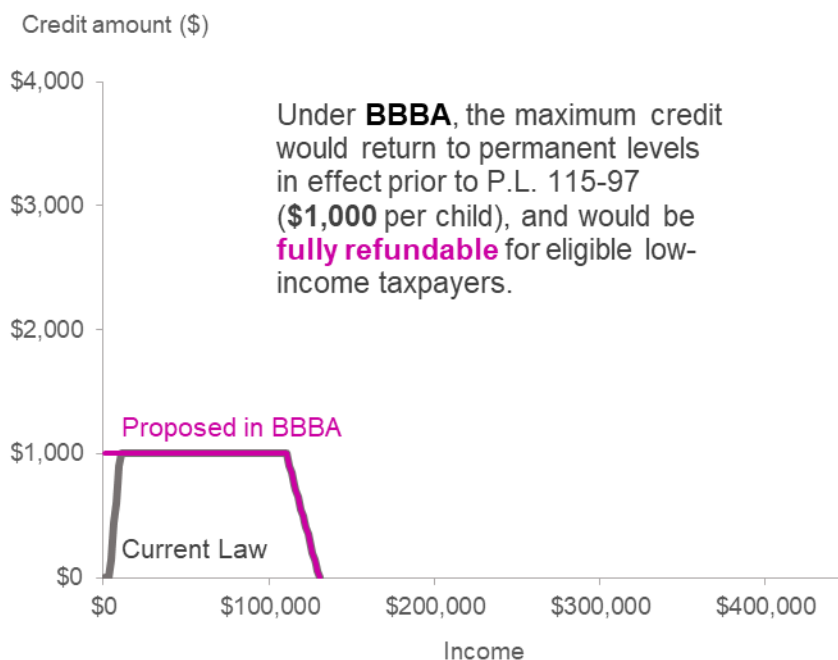
Credit amount (\$)



Source: CRS analysis of the Senate Finance Committee updated text of the Build Back Better Act (BBBA; H.R. 5376), released December 11, 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.

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



Source: CRS analysis of the Senate Finance Committee updated text of the Build Back Better Act (BBBA; H.R. 5376), released December 11, 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.

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