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INSIGHT

Who Can Claim a Child for the Child Tax Credit?

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The child tax credit was expanded for one year—2021—by the American Rescue Plan Act of 2021 (ARPA; P.L. 117-2), and up to half of the 2021 credit was advanced to taxpayers in monthly payments issued between July and December of 2021. While ARPA expanded the credit and changed its delivery, the only change ARPA made to the qualifying child rules was to increase the maximum age limit of the child from 16 years to 17 years for 2021 only. This Insight provides a brief overview of who can claim a child for the child tax credit.

Qualifying Child Rules

In order for a taxpayer to be able to claim a child for the child tax credit on their tax return, the child must meet several requirements for that year as identified in **Table 1**. Failure to meet any of these requirements generally means the taxpayer cannot claim the child for purposes of the credit in that year.

Some of these requirements or tests are characteristics intrinsic to *the child*, like the child's age or whether the child supports themselves financially. Others—like the relationship and residency tests in **Table 1**—are requirements specifically connecting the *taxpayer and the child*. These tests in particular can help identify which taxpayer can claim a child for the credit.

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Table 1. Tests/Requirements to Claim a Child as a Qualifying Child for the Child Tax Credit

Test/Requirement	Description
Child vis à vis taxpayer	
Relationship[a]	The child must be the taxpayer's • child,[b] • grandchild (or great-grandchild),[b] • sibling,[b] • niece/nephew, or • foster child placed with the taxpayer either by an authorized placement agency or court order.
Residency	The child must have lived with the taxpayer for more than half of the year.[c]
Child	
Age	In 2021, the child must be under 18 years old as of the last day of 2021. In all other years, the child must be under 17 years old as of the last day of the year.
Support	The child does not provide more than half of their own financial support.
Joint Return	The child has not filed a joint income tax return with their spouse.
Citizenship/Residency	The child must be a U.S. citizen, resident, or national.
Identification (ID) Number	The child's taxpayer ID must be provided (in addition to the child's name) in order for the credit to be issued to the taxpayer. The taxpayer ID must be issued on or before the due date of the return. From 2018 to 2025, the ID must be a social security number (SSN) associated with work authorization. After 2025, the ID can be any SSN, an individual taxpayer identification number (ITIN), or an adoption taxpayer identification number (ATIN).

Source: Internal Revenue Code (IRC) Sections 24 and 152.

Notes:

a. A taxpayer's cousin generally does not meet the qualifying child's relationship test.

b. This includes by adoption or remarriage (i.e., stepchildren) and "half" relatives (e.g., half siblings).

c. There is an exception to this rule in certain cases of children of divorced or separated parents who meet requirements under IRC Section 152(e). In addition, exceptions to the residency test exist for certain temporary absences.

Relationship Test

Most types of relatives of a child meet the relationship test: parents, grandparents, aunts/uncles, and siblings all meet this test. Legal guardianship—where the child is placed with an adult by a court order—would meet this test (the child would be considered a "foster child" under this test), regardless of the actual biological relationship between the child and taxpayer.

Because of the relationship test, kinship care by some of the child's *relatives* (i.e., grandparents/great grandparents, aunts/uncles, siblings) would meet the relationship requirement. However, other types of kinship care—like *informal* caretaking of a child by a close family friend (i.e., no legal guardianship)—would not.

Residency Test

Under the residency test, children must live with the taxpayer for more than half the year. This is sometimes called the "six months and a day rule." The movement of children between different households from year to year may mean that a child meets the residency requirement with a particular taxpayer in one year but not in the next year. This may be of particular concern with the 2021 credit because the advance payments of the 2021 credit were based on older tax data, even though eligibility for the expanded credit depends on whether children meet these tests for 2021.

Specifically, the advance payments were based on an estimate of a taxpayer's 2021 child credit using 2020 income tax return information (or if unavailable, information from 2019 income tax returns). These older data were also used to estimate whether a child was the taxpayer's qualifying child for 2021. Taxpayers with children who met these rules in 2020, but not in 2021, could be required to repay some of the advance payments. This may occur, for example, among certain divorced parents who trade off claiming the child for the credit from one year to the next.

If a child fails to meet the residency test of any taxpayer—for example, because the child spent three months each in four different family members' houses—the child would generally not be able to be claimed by *any* taxpayer as a qualifying child for the credit in that year.

Multigenerational Households and Tiebreaker Rules

The qualifying child rules of the child credit can lead to situations where more than one taxpayer may be able to claim a child for the credit. This can occur in multigenerational households, such as when a child lives for more than half the year with a parent and a grandparent. In cases where more than one taxpayer may be eligible to claim a child, there are specified tiebreaker rules to determine who can claim these children. These tiebreaker rules prioritize the claims of parents over those of nonparents. Among competing claims of nonparents, the rules prioritize the taxpayer with the highest adjusted gross income (AGI).

Author Information

Margot L. Crandall-Hollick
Specialist in Public Finance

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