



National Center on

Parent, Family, and Community Engagement

Helping Families Access 2020 Tax Credits and Stimulus Payments

Many families continue to experience financial hardships due to the COVID-19 pandemic. The federal [Earned Income Tax Credit \(EITC\)](#) and [Child Tax Credit](#) are among the largest Internal Revenue Service (IRS) public benefits for low-income households. Head Start, Early Head Start, and other early care and education staff can ensure families are informed about all available tax credits.

Explore the resources below to help families understand the special rules around tax credits related to COVID-19 impacts, tax credits, and [Economic Impact Payments \(stimulus checks\)](#). Use them to learn about eligibility requirements and how to access these benefits. Find information to help families find free tax preparation services for which they may be eligible.

Special Temporary Rule About Income Related to COVID-19

The Coronavirus Response and Relief Supplemental Appropriations Act, 2021, includes a special rule for this tax season. It allows lower income individuals to use their earned income from tax year 2019 to determine the amount of benefits they will receive from the EITC and the refundable portion of the Child Tax Credit in the 2020 tax year. For example, families can use either their 2019 or 2020 income to calculate their EITC – whichever gets them the bigger credit. This special rule will help families who experienced lower wages this year due to the pandemic to get a larger refund that is consistent with their earnings from prior filing seasons.

EITC

[EITC](#) is a benefit for workers with low to moderate income. To qualify, an individual must meet specific requirements and file a tax return. Help families determine eligibility and next steps with the [EITC Assistant](#).

Jan. 29 Is EITC Awareness Day

Join a national effort to [increase awareness](#) about refundable credits. Find [marketing and communication materials](#) you can use to spread the word so families don't miss out on eligible benefits.

Maximum Qualifying Income by Filing Status and Number of Qualifying Children Claimed (2020 Tax Year)

The maximum amount of credit an individual can receive for tax year 2020 is:

- \$6,660 with three or more qualifying children
- \$5,920 with two qualifying children
- \$3,584 with one qualifying child

Child Tax Credit and Credit for Other Dependents

The non-refundable [Child Tax Credit](#) may reduce a family's taxes by as much as \$2,000 for each qualifying child. Up to \$1,400 of the credit can be refundable for each qualifying child as the Additional Child Tax Credit. A refundable tax credit may give a family a refund even if they don't owe any tax.

If a dependent doesn't qualify for the Child Tax Credit, families may be able to claim the [Credit for Other Dependents](#). The maximum credit amount is \$500 for each dependent who meets certain conditions.

Use this [toolkit](#) to ensure families who are eligible receive the credits they deserve.

Economic Impact Payments (Stimulus Checks)

Families do not have to report any stimulus money received in the first and second rounds of Economic Impact Payments when completing their 2020 taxes. These payments are not considered taxable income. Help families learn about stimulus payments, how to [reconcile their 2020 Tax Return](#), and track payments on the IRS website.

Recovery Rebate Credit

The Recovery Rebate Credit is a tax credit authorized by the Coronavirus Aid, Relief, and Economic Security (CARES) Act and the COVID-19-related Tax Relief Act. Families are eligible if

they did not receive the full amounts of either the first or second stimulus payments. Their 2020 income tax is used to determine the amount of the Recovery Rebate Credit. If eligible, this credit can increase a tax refund or decrease the amount of tax owed. Visit the IRS website to learn more about [eligibility requirements](#) and help families complete the worksheet.

Free Tax Services

The [Volunteer Income Tax Assistance \(VITA\)](#) program offers free tax help to people who make \$57,000 or less, persons with disabilities, and limited English-speaking taxpayers who need assistance in preparing their tax returns.

Families can usually find VITA sites in community and neighborhood centers, libraries, schools, shopping malls, and other convenient locations. However, due to COVID-19, many VITA sites are closed for an undetermined period. To locate an open site near you, use the [VITA Locator Tool](#) or call (toll-free) 888-227-7669.

If families cannot find a VITA site near them, [IRS Free File](#) offers many online resources and tax help. Find tax forms, instructions and publications, online payment options, and more. Individuals can even prepare and file their federal income tax online for free.

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Questions?

Send your questions or comments to the National Center on Parent, Family, and Community Engagement at PFCE@ecetta.info or (toll-free) 855-208-0909.