

## IRS NOTICE REGARDING THE ADVANCE CHILD TAX CREDIT PAYMENTS BEGIN TOMORROW

WASHINGTON – Tomorrow, the federal government will mail the first of more than 25 million checks provided under a recent tax law change. According to the Internal Revenue Service, the checks represent an advance of this year's child tax credit increase and will go to most parents who claimed the credit on their 2002 returns.

The Jobs and Growth Tax Relief Reconciliation Act increased the maximum credit amount from \$600 to \$1,000 per qualifying child and directed that taxpayers receive the increase this summer, rather than waiting until they file their 2003 returns.

"As long as we have a good mailing address, taxpayers don't have to do anything to get their checks," said IRS Commissioner Mark W. Everson. Taxpayers should, however, notify the Post Office if they've moved since filing their last return. "The IRS will figure the advance amount based on each taxpayer's 2002 return," he said.

The initial checks are going to those who filed early enough for the IRS to process their returns by early July. The mailing date depends on the last two digits of the taxpayer's social security number:

- 00–33 – July 25 mailing
- 34–66 – August 1 mailing
- 67–99 – August 8 mailing

People who filed after April 15 – for example, those with extensions – will get any advance payment they are entitled to receive after the IRS processes their 2002 return.

Taxpayers who did not claim the Child Tax Credit last year are not eligible for an advance payment, even if they will be able to claim the credit on their 2003 returns. For example, if your only child is born this year, you will not get any advance payment, but you may qualify for the credit when you file your return next year.

Some parents who claimed the Child Tax Credit last year will not receive an advance payment. A child may now be too old to qualify (over 16). Or the credit's tax liability and earned income limitations may result in no increase for that taxpayer. Or the amount may be too small – the government won't send a check when the calculated advance payment is less than \$10.

The IRS Web site at <http://www.irs.gov> has a new feature to let taxpayers know the amount and mailing date of their advance payment checks. Click on "Where's My Advance Child Tax Credit?" for details on the information needed from the 2002 return to check on the status of a payment. The status check will also tell if a payment may be reduced because of taxes owed or an outstanding non-tax federal debt, or why a taxpayer with a child does not qualify for an advance payment.

The Advance Child Tax Credit Status application is only for taxpayers who checked a box on line 6(c), column (4) of the return that a dependent was a qualifying child for the Child Tax Credit. Taxpayers without children who use this feature will get a generic message about the advance payments, but no specific information about their tax accounts.

This Web feature should have information for a taxpayer about 11 days

before the check mailing date. Currently, the information covers taxpayers whose checks will be mailed this week and next, as well as taxpayers who have children but are not eligible for an advance payment. By July 28, it should have information for all taxpayers included in the initial mailings. The system will be updated weekly with data from returns as they are processed.

The IRS is also sending notices that contain the advance payment figure to eligible taxpayers. They should save these notices with other records that they will need to complete their 2003 tax returns. When preparing those returns, taxpayers will reduce the total Child Tax Credit by the advance payment already received. If the advance amount is more than the credit - which could result from a change in income or in the number of qualifying children - the recipients will not have to repay the difference.