



# Simplified filing is key to ensuring all eligible children get the Child Tax Credit in July

To fulfill the promise of the expanded monthly Child Tax Credit and ensure equity, tax filers must actually receive the credits. To ensure that newly eligible, low-income families have a simple way to claim the credits, IRS should:

- △ Ensure equitable access by making both of the new CTC portals – for non-filer claims and change of circumstances – mobile-friendly, accessible, available in multiple languages, and available by July 1.
- △ Add a residency question to the new CTC Simplified Filing Portal to allow claiming of EITC.
- △ Begin building a permanent government-run Simplified Filing Portal by tax season 2022.
- △ Move toward fully automatic payment of CTC, EITC, and EIPs.

## THE CHILD TAX CREDIT ONLY CUTS POVERTY IF FAMILIES GET CHECKS

The expanded monthly Child Tax Credit (CTC) promises to cut child poverty nearly in half by providing monthly checks to 92% of families with children – with greater [income boosts](#) and [larger reductions in poverty](#) for Black and Latinx families. But these results are only possible if families actually receive the money.

**Newly eligible families who don't file taxes are most at risk of not getting the CTC.** Families that file taxes will automatically start to get monthly payments in July. But non-filers, mostly people with very low incomes who need the CTC most, won't unless they file taxes. Providing a better way to claim the CTC is a matter of equity. [People of color](#) are most at risk of missing out on the credit, specifically people who: live in areas with a high concentration of Latinx people; are Native Americans; participate in food stamp programs; and have a language other than English as their first language.

**A Simplified Filing Portal ensures most eligible families have a way to claim the CTC.** Filing tax returns is [complicated and often expensive](#), and many are daunted by the fear of penalty from making a mistake. A simple online portal will give newly eligible families a way to claim the CTC without filing full tax returns, and increase the likelihood that the families who need this credit the most are actually getting it.

## RECOMMENDATIONS FOR SIMPLIFIED FILING

### By July 1:

- △ Open both new CTC portals with full capability, accessible on mobile devices and in multiple languages
- △ Begin work with state & local governments to automatically pay all eligible non-filers

The IRS has [committed](#) to automatically sending monthly checks to 88% of children starting July 15. To meet this critical deadline, the Treasury Department has announced that it will open two new online portals – one for non-filers to claim their tax credit and one for recipients to report a change in their circumstances or opt out of monthly payments. The IRS will automatically send monthly payments to: 1) those who have filed 2020 returns (with direct deposits to those with bank account information and checks or debit cards to those without); and 2) those who used the EIP Non-Filer Portal to claim their stimulus checks.

**Open and promote the new CTC Simplified Filing Portal.** The IRS's new CTC claiming portal will allow the remaining eligible non-filers – mostly low-income families who earn too little to be required to file taxes and who are newly eligible for the CTC – to claim their credits and get monthly payments. The new Portal will also allow users to claim \$1,400 payments from the American Rescue Plan (EIP3).

## The Simplified Filing Portal should also:

- △ **Be mobile-friendly and in multiple languages** on all platforms.
- △ **Add a residency question to allow EITC claiming.**
- △ **Be accessible** to individuals, as well as community groups that assist low-income people with taxes and benefits, including providing dedicated phone support.
- △ **Automatically pay past-due, previous stimulus payments.** IRS should use its ‘math error’ authority to calculate and pay CARES Act (\$1,200 EIP1) and December Recovery Rebate Credits (\$600 EIP2).

**Open the new information portal for CTC recipients to report change of circumstances.** The IRS has committed to opening a new information or change-of-circumstances portal for CTC recipients to 1) check their eligibility; 2) opt out of monthly payments; and 3) report changes in dependents, income, marital status, or other eligibility. It is critical that the information portal provides each of these functions by July 1 to reduce the risk of erroneous payments.

**Make both portals accessible on mobile devices.** 27% of adults earning under \$30K are [smartphone-dependent](#) – meaning they rely on their phones for internet and do not use broadband at home. Black and Latinx adults and younger adults are also more likely to rely on their smartphone for online access.

The Non-Filer Portal the IRS created to allow EIP claims was a fillable PDF form usable on a computer, but not mobile-friendly – a [barrier](#) that kept many of the lowest-income people from accessing this critical help. Commercial tax preparation software has been available on mobile devices for [nearly a decade](#), so there is no doubt about the capability to build the tool. The new CTC portals must be mobile-friendly to enable the vast majority of non-filers to access their credits.

**Begin work with state and local governments to reach other eligible non-filers.** The IRS will reach the vast majority of eligible families through tax filers, but it’s precisely the families still left out who need the money the most. Using existing data

sharing from the IRS to state revenue agencies, state governments can identify non-filers who are already connected to other state benefit programs such as SNAP or Medicaid and then target them for outreach. Better yet, a program could be devised for states to pay benefits directly and get federal reimbursement. The Treasury Department should convene a working group including the IRS, state tax and benefits officials, and outside experts to explore opportunities in this area.

### By January 1: Develop and administer a new government-run Simplified Filing Portal

**Build a new government-run Simplified Filing Portal by 2022 tax filing season.** It is not tenable in the long run to be at the mercy of private companies to make these critical benefits accessible. The government should devote resources to this as soon as possible. This portal should also be accessible to people with disabilities, mobile-friendly, and available in multiple languages on all platforms.

**Allow for full claiming of CTC, EITC, and EIPs.** The USG-run Portal should require only the minimum additional information necessary to establish eligibility: that the claimant lived in the U.S as their principal residence for more than six months of the year and would like the IRS to compute their eligibility for and amount of the CTC, EITC, and EIP.

**Move toward fully automatic payment of tax credits.** The future of the IRS, [as Commissioner Rettig himself said](#), should bring even more expanded access for low-income Americans. This year, the IRS should move toward full automatic payment of EITC and CTC to those for whom it has sufficient income and earnings information, beginning with paying the EITC automatically to users of the new Simplified Filing Portal. If automatic payment of tax credits were in place now, a low-income single parent with 3 kids could receive up to a \$25K income boost this year: \$10K from the CTC, \$10K from EIPs, and \$5K from EITC.