



Permanent simplified filing is key to ensuring equitable access to tax credits

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 sign-up and updating circumstances – mobile-friendly, in multiple languages, and available permanently.
- △ Publish updated revenue procedures to allow private and nonprofit groups to develop accessible filing tools, and begin building a permanent government-run filing portal by tax season 2022.
- △ Add a residency question to the new CTC sign-up portal to allow claiming of EITC, and move toward fully automatic payment of CTC, EITC, and EIPs by working with state and local governments.

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, people with very low incomes who need the CTC most – including at least [2.3 million children](#) – 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 PERMANENT SIMPLIFIED FILING

Immediate actions:

- △ Make both CTC portals accessible on mobile devices and available in multiple languages
- △ Publish updated revenue procedures to allow private groups to develop filing tools for next year
- △ 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 opened two new online portals – one for non-filers to sign up for their tax credit and one for recipients to update their information 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.

The current CTC portals are the first step toward equitable access, but immediately making them more accessible is a matter of income and racial equity. A first step is to make them mobile-friendly and available in multiple languages. (A detailed proposal and analysis of who is at risk of being left out can be found [here](#).)

IRS can also improve the portals by adding a residency question to allow EITC claiming, and making them permanent to allow people to easily file their taxes and claim future tax credits.

Publish an updated revenue procedure to allow private and non-profit groups to develop accessible filing tools. The IRS relies on private businesses, non-profit groups, and community organizations to improve access to the tax system. Several non-profit organizations are ready and able to develop accessible filing tools for the hardest to reach, including mobile-accessible tools, but they can only put those tools to work if the IRS publishes revenue procedures that permit the use of those tools and provide instructions on what those tools must include. The current revenue procedure guidance only governs tax year 2020, leaving too much uncertainty about the future. The IRS should immediately publish an updated revenue procedure that extends past tax year 2020 to allow nonprofits or companies to begin work on these critical tools for the most vulnerable Americans.

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 may be able to target them for outreach. Better yet, a program could be devised for states to pay tax credits to eligible non-filers 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, permanent government-run simplified filing portal
- △ Allow for full claiming of CTC, EITC, and EIPs on the permanent portal
- △ Move toward fully automatic payment of tax credits including the EITC

Build a new, permanent government-run simplified filing portal by 2022 tax filing season. It is not tenable in the long run for the IRS 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 any remaining EIPs.

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.