

Explainer: How the Ways & Means Proposal Ensures the Child Tax Credit Will Follow the Child and Supports Caregivers



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The expanded Child Tax Credit supports millions of children and families, including many children who live with grandparents and other caregivers. But some children and caregivers are excluded from the CTC and do not receive the support they need because of arcane rules in the tax code that limit the ability of the CTC to “follow the child” and respond to the reality of real families’ lives as they change from month to month. The Ways and Means draft of the Build Back Better Act includes important fixes that ensure all children and families can receive the support they need.

Current Law

Under current law, some children and families do not receive the CTC because either:

1. The child does not live with the caregiver for 6 months of the year or more, or
2. The caregiver is not the child’s parent, grandparent, sibling, aunt or uncle (or a similarly close step-relative or relative by marriage).

For more on the current child claiming rules see [this fact sheet](#).

Ways & Means Proposal

[The Ways and Means proposal](#) addresses these problems and ensures that the CTC will continue to support children when they are taken in by new caregivers or if their caregivers are more distant relatives, such as cousins, or fictive kin, such as close family friends or chosen family. It does this through changes to the structure of the credit that take effect in 2023:

- 1. Monthly Eligibility.** Starting in 2023, eligibility will be determined monthly, so that a new caregiver can begin receiving the credit as soon as the child enters their care. To claim the credit a caregiver simply needs to live with the child for half of the month they are claiming the credit and expect the child to live with them for more than two months.
 - a. Why this matters:** This allows new caregivers to receive immediate support, and does away with the arcane and inflexible “residency test” that denies the CTC to many caregivers who might care for a child for less than 6 months out of the year. These changes will help ensure that children who move around between households can get the monthly CTC.
- 2. New “caregiver” rules.** Starting in 2023, any caregiver can claim the credit on behalf of a child as long as they are living with the child for more than half the month, are older than the child, and are providing uncompensated care. Care is defined as supervision of daily activities, maintenance of a secure environment/residence, transportation to medical care, involvement in education, and more.
 - b. Why this matters:** These critical changes ensure that more types of caregivers like distant relatives can claim the CTC on behalf of a child, so that the full range of caregivers who care for children can receive the benefit. This new “caregiver” test will ensure that the benefit effectively moves with the child.

These changes will ensure that the CTC provides children and caregivers the support they need in real time, and flexibly responds to families’ changing circumstances.