



Child Tax Credit

What is the Child Tax Credit?

The Child Tax Credit is a federal tax credit for workers raising dependent children. This credit is worth **up to \$1000 per dependent child under age 17** in 2006, and can be claimed on a worker's federal tax return. The Child Tax Credit is now refundable, meaning families can get the credit even if they owe no income tax. Eligible families can receive the credit as a refund check from the IRS.

The Child Tax Credit can give a worker back some or all of the income tax taken out of his or her paychecks during the year, as well as some additional income tax still owed at the end of the year. Generally, a family's credit is equal to the total amount of their income tax for the year, up to a maximum of \$1,000 per dependent child in 2006.

The Child Tax Credit is different than the Child and Dependent Care Credit. You may qualify for both.

How is the Child Tax Credit Claimed?

This credit must be claimed on a worker's tax return. Specific directions are included in the 2006 federal tax forms 1040 and 1040A, which include a detailed worksheet. The worksheet is fairly complicated, so you may want to visit a VITA site for free help. For more information about VITA, see Women Work!'s tip sheet on Free Tax Preparation or call the IRS toll-free at 1-800-TAX-1040.



Additionally, you must complete Form 8812, "Additional Child Tax Credit." This form is used to find out if you qualify for a refund and, if so, the amount of the refund. *This form must be attached to the tax return to receive the refund.*

Does the Child Tax Credit Affect Public Benefits?

The Child Tax Credit does not count as income when determining eligibility for any federal, state or local program benefits that are financed in any part by federal funds. This includes Food stamps, SSI and child care. The Earned Income Tax Credit is also not counted as income for benefits such as cash assistance, Medicaid, food stamps, SSI or public housing. Some other benefit programs will count the EITC as a resource, however, so be sure to check.

Who is eligible for the Child Tax Credit refund?

- ◆ **Single and married parents with taxable earned income** above \$11,300 can claim the Child Tax Credit up to a maximum of \$1,000 per child. The refund is based on the amount by which the family's income exceeds \$11,300.
- ◆ **Even if you do not owe income tax**, you can get the credit in a refund from the IRS. Some low-income families with three or more children may be eligible for an exception. To determine your eligibility, complete Form 8812, "Additional Child Tax Credit."
- ◆ **"Qualifying children"** for the Child Tax Credit must be under age 17 at the end of 2006, and must be a U.S. citizen or resident alien. The dependent must be a son, daughter, adopted child, grandchild or stepchild. Foster children can be "qualifying children" if they are dependents placed with the worker by an authorized government or private placement agency and have lived with the worker for more than 6 months.