

**From the desk of  
Peter S. Muffoletto, C.P.A.**

# **The New Child Tax Credit**

The Child Tax Credit has changed for 2018 and later.

Here are some important changes:

## **Credit amount**

The new law increases the child tax credit from \$1,000 to \$2,000.

Eligibility factors for the credit have not changed.

As in past years a taxpayer can claim the credit if all of these apply:

- the child was younger than 17 at the end of the tax year
- the taxpayer claims the child as a dependent
- the child lives with the taxpayer for at least six months of the year

## **Credit refunds**

The credit is refundable, now up to \$1,400.

If a taxpayer does not owe any tax before claiming the credit they can receive up to \$1,400 as part of their tax refund.

## **Earned income threshold**

The income threshold to claim the credit has been lowered to \$2,500 per family. This means a family must earn a minimum of \$2,500 to claim the credit.

## **Phaseout**

The income threshold at which the child tax credit begins to phase out has been increased to \$200,000, or \$400,000 if married filing jointly.

This means that more families with children younger than 17 qualify for the larger credit.

### **New credit for other dependents**

Dependents who cannot be claimed for the child tax credit may still qualify for the new credit for other dependents.

This is a non-refundable credit of up to \$500 per qualifying person.

These dependents may also be dependent children who are age 17 or older at the end of the tax year.

This also includes parents or other qualifying relatives supported by the taxpayer.

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**Should you have questions relating to any tax or financial matters, or if you know of someone that could benefit from our assistance feel free in calling us at**

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