

**From the desk of
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The New Child Tax Credit

The Tax Cuts and Jobs Act (TCJA) tax reform legislation passed in December 2017 made changes to the Child Tax Credit expanding those who can benefit in obtaining it.

Some important aspects to know about the changes to the credit:

Credit amount

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

Eligibility for the credit has not changed.

As in past years the credit applies if all of these apply:

- the dependent child is 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 up to \$1,400.

If a taxpayer does not owe any tax before claiming the credit it is possible to receive up to \$1,400 as part of the 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 is 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.

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

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

Dependents may also be dependent children who are age 17 or older at the end of 2018.

The credit also applies to parents or other qualifying relatives supported by the taxpayer.

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