

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

The Newly Revised Child Tax Credit for Taxpayers with Incomes Up to \$400,000

Taxpayers who have at least one child who qualifies as their dependent for tax purposes may be eligible to benefit from the newly revised child tax credit under the Tax Credit and Jobs Act passed in 2017.

Taxpayers who have not qualified in the past may now be able to claim the credit.

Here are some details about this credit:

- The maximum amount of the credit is \$2,000 for each qualifying child.
- Taxpayers who are eligible to claim this credit must list the name and Social Security number for each dependent on their tax return.
- The child must be younger than 17 on the last day of the tax year.
- The child must be the taxpayer's son, daughter, stepchild, foster or adopted child, brother, sister, stepbrother, stepsister, half-brother or half-sister, grandchildren, nieces or nephews.
- An adopted child includes a child lawfully placed with them for legal adoption.
- The child must have not provided more than half of their own support for the year.
- The taxpayer must claim the child as their dependent on their federal tax return.
- The child cannot file a tax return for the same year with the status married filing jointly, unless the only reason they are filing is to claim a refund.
- The child must be a U.S. citizen, a U.S. national or a U.S. resident alien.
- In most cases the child must have lived with the taxpayer for more than half of 2019.
- The claiming taxpayer must have earned income of at least \$2,500 to receive a refund even if they owe no tax with the additional child tax credit.
- The credit begins to phase out at \$200,000 of modified adjusted gross income. This amount is \$400,000 for married couples filing jointly.

We here at Muffoletto & Company believe that the more informed you are in regards to the rules and regulations that affect you the more we can be of service.

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