

# Tax Credits For Families

April 15 will be here before we know it, and many people will be scrambling to file their 2008 taxes. Do you know what this means for your family? There are many credits taxpayers may take for various life events that often go overlooked. Below are just a few credits specifically for families, taken from the Internal Revenue Service website ([www.irs.gov](http://www.irs.gov)).

## Earned Income Tax Credit

The Earned Income Tax Credit (EITC) sometimes called the Earned Income Credit (EIC), is a refundable federal income tax credit for working individuals and families who earn low incomes. Congress originally approved the tax credit legislation in 1975, in part to offset the burden of social security taxes and to provide an incentive to work. When the EITC exceeds the amount of taxes owed, it results in a tax refund to those who claim and qualify for the credit. The EITC may be for you, if:

- You are married and your combined salary is less than:
  - \$41,646 a year (and you have 2 or more children).
  - \$36,995 a year (and you have 1 child).
  - \$15,880 a year (and you have no children).
- You are single and your yearly salary is less than:
  - \$38,646 a year (and you have 2 or more children).
  - \$33,995 a year (and you have 1 child).
  - \$12,880 a year (and you have no children).

To qualify, taxpayers must meet certain requirements and file a tax return, even if they did not earn enough money to be obligated to file a tax return.

The EITC has no effect on certain welfare benefits. In most cases, EITC payments will not be used to determine eligibility for Medicaid, Supplemental Security Income (SSI), food stamps, low-income housing or most Temporary Assistance for Needy Families (TANF) payments.

### **Child and Dependent Care Credit**

If you paid someone to care for a child or a dependent so you could work, you may be able to reduce your tax by claiming the credit for child and dependent care expenses on your federal income tax return. This credit is available to people who, in order to work or to look for work, have to pay for child care services for dependents under age 13. The credit is also available if you paid for care of a spouse or a dependent of any age who is physically or mentally incapable of self-care.

The credit is a percentage, based on your adjusted gross income, of the amount of work-related child and dependent care expenses you paid to a care provider. The credit can range from 20 to 35 percent of your qualifying expenses, depending on your income.

### **Child Tax Credit**

With the Child Tax Credit, you may be able to reduce the federal income tax you owe by up to \$1,000 for each qualifying child under age 17. A qualifying child for this credit is someone who:

1. Is claimed as your dependent,
2. Was under age 17 at the end of 2008,
3. Is your son, daughter, adopted child, grandchild, stepchild or eligible foster child, your sibling, stepsibling, or their descendant, and
4. Is a U.S. citizen or resident alien.

The credit is limited if your modified adjusted gross income is above a certain amount. The amount at which this phase-out begins varies depending on your filing status:

- Married Filing Jointly \$110,000
- Married Filing Separately \$55,000
- All others \$75,000

For more information on these and other tax credits go to [www.irs.gov](http://www.irs.gov), or the following resources:

- **Volunteer Income Tax Assistance:** A free assistance program, run by the IRS and staffed by volunteers. 1-800-829-1040 or [www.irs.gov](http://www.irs.gov)
- **National Women's Law Center:** 202-588-5180 or [www.nwlc.org](http://www.nwlc.org)
- **Center for Budget and Policy Priorities:** 202-408-1080 or [www.cbpp.org](http://www.cbpp.org)