



## Lesson Plan

### Child Tax Credit

Time Required: 20 minutes

Introduction	Objectives	Topics
<p>This lesson covers the:</p> <ul style="list-style-type: none"> <li>• Nonrefundable child tax credit reported in the Tax and Credits section of the tax return</li> <li>• Refundable additional child tax credit reported on Schedule 8812 and in the Payments section of the tax return</li> </ul>	<p>Determine:</p> <ul style="list-style-type: none"> <li>• The taxpayer's eligibility for the credit(s)</li> <li>• Which taxpayer can claim the additional credits</li> </ul>	 <p>The Child Tax Credit Who Can Claim the Credit Amount of the Credit Determining Eligibility and Calculating the Credit Additional Child Tax Credit Avoiding Common Errors</p>

### Key Terms

**Additional Child Tax Credit:** A credit that may be taken if the full amount of the child tax credit cannot be claimed.

**Adjusted Gross Income (AGI):** The taxpayer's total adjusted gross income (AGI) is the amount that is used to compute some limitations, such as the medical and dental deduction on Schedule A and the credit for child and dependent care expenses.

**Child Tax Credit:** A credit that may reduce tax by as much as \$1,000 for each qualifying child.

**Form 8332:** Release/Revocation of Release of Claim to Exemption for Child by Custodial Parent. This form allows a taxpayer who is a custodial parent to release the claim on the child's exemption to the noncustodial parent.

**Schedule 8812:** Child Tax Credit. The taxpayer may be able to qualify for the refundable additional child tax credit on this schedule.

**Nonrefundable Credit:** A nonrefundable credit can only reduce the tax liability to zero. Any excess credit is not refunded to the taxpayer.

**Qualifying Child:** To be identified as a qualifying child and dependent, a person must meet these tests: U.S. citizen or resident test, Joint return test, Dependent taxpayer test, Relationship test, Age test, Support test, Residence test, and Qualifying child of more than one person test.

**Refundable Credit:** Occurs when the amount of a credit is greater than the tax owed. Taxpayers not only can have their tax reduced to zero; they can also receive a "refund" of excess credit.

## Teacher Tips

### Guidelines for Lesson

Guideline	Instructor Notes	Presentation Aids
Lesson background info	<p><b>Review</b> the online demo of TaxSlayer on the child tax credit.</p> <p><b>Point out</b> that a paper return is required if the taxpayer is applying for an ITIN for that dependent child and Form W-7 is not to be completed at the VITA site.</p> <p><b>Remind</b> students that taxpayers who have ITINs may be eligible to claim the child tax credit as long as the ITIN is valid by the due date of the return.</p>	<p><b>TaxSlayer® Demo:</b> From the Practice Lab, select:</p> <ul style="list-style-type: none"> <li>• TaxSlayer IRS training</li> <li>• Select the appropriate demo</li> </ul>
Provide details and engage the students	<p><b>Discuss</b> all tips and cautions in detail.</p> <p><b>Ask</b> students to read and/or role-play examples and sample interviews.</p> <p><b>Review</b> answers to each exercise; ask students how they arrived at their answers.</p>	<p><b>Internet:</b> Link &amp; Learn Taxes (L&amp;LT) Child Tax Credit</p>

### Topic-specific Tips

Topic Name	Instructor Notes	Presentation Aids
Introduction	<p><b>Review</b> lesson objectives.</p> <p><b>Review</b> list of references.</p> <p><b>State</b> the presentation time.</p> <p><b>Caution</b> students not to confuse child tax credit with the child and dependent care tax credit.</p>	<p><b>Visuals:</b> <a href="#">Form 13614-C</a>, Page 1, Part II</p> <p><a href="#">Form 1040</a>, lines 52 and 67</p> <p><a href="#">Pub 17</a>, Chapter 34, Child Tax Credit</p> <p>Pub 4012, Nonrefundable Credits tab</p>
The Child Tax Credit	<p><b>Review</b> the rules in Pub 4012, Child Tax Credit tip for the definition of qualifying child.</p> <p><b>Review</b> the eligibility rules in Pub 4012, Additional Child Tax Credit tip.</p>	<p><b>Visuals:</b> Pub 4012, Nonrefundable Credits tab: <a href="#">Form 1040</a>, lines 52 and 67</p>

**Ask:** Which child tax credit is a refundable credit? **Answer:** The additional child tax credit.

**Ask:** Can a taxpayer choose to claim the additional child tax credit and not the child tax credit? **Answer:** No, taxpayers who claim the additional child tax credit must claim the child tax credit as well.

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### Who Can Claim the Credit

**Review** each of the steps in Pub 4012, Child Tax Credit Interview Tips with class and **emphasize** the difference in the age test for this credit vs. the age test for a qualifying dependent.

**Emphasize** that to be a qualifying child for the child tax credit, the child must be claimed as the taxpayer's dependent.

**Point out** that TaxSlayer automatically:

- Determines if a dependent is eligible for the Child Tax Credit based on the information entered in the tax return

**Ask:** If the parents are divorced, can the noncustodial parent ever claim the child tax credit? **Answer:** Yes.

**Ask:** When is Form 8332 required?

**Answer:** When a custodial parent releases the dependency exemption (and therefore the child tax credit) to the noncustodial parent.

**Ask:** Can a taxpayer with no tax liability claim the child tax credit? **Answer:** No, because there is no tax to reduce, and the credit is a nonrefundable credit.

**Point out** that a taxpayer who does not qualify for the nonrefundable child tax credit might qualify for the refundable additional child tax credit.

**Ask:** If taxpayer has ever had credit disallowed.

### Visuals:

Pub 4012, Nonrefundable Credits tab, [Child Tax Credit Interview Tips](#)

[Pub 972](#), Child Tax Credit Worksheet

[Form 8332](#)

### Internet:

FAQs, [May a noncustodial parent claim the child tax credit for his or her child?](#)

FAQ, [May I claim both the child tax credit and the child and dependent care credit?](#)

FAQ, [Child tax credit for a child with an ITIN](#)

FAQ, [Ten Facts about Child tax credit](#)

<p>Amount of the Credit</p>	<p><b>Ask:</b> What is the maximum child tax credit? <b>Answer:</b> \$1,000 per qualifying child.</p> <p><b>Ask:</b> What factors determine the amount of the child tax credit? <b>Answer:</b> The taxpayer’s tax liability, MAGI, and filing status.</p> <p><b>Refer</b> students to Pub 17 for more information on MAGI as it applies to the child tax credit.</p> <p><b>Demonstrate</b> TaxSlayer automatically calculates the credit.</p> <p><b>Caution</b> students that using incorrect worksheets to figure the credit will reduce the taxpayer’s refund.</p>	<p><b>Visual:</b>  <a href="#">Form 1040</a>, line 47 (MAGI)</p> <p><a href="#">Form 1040 Instructions</a>, Child Tax Credit Worksheet</p> <p><a href="#">Pub 972</a>, Child Tax Credit Worksheet</p> <p><a href="#">Pub 17</a>, Chapter 34, Child Tax Credit</p> <p><b>TaxSlayer Demo:</b>  <a href="#">Entering Basic Credits</a>, Verify the amount of the credit in TaxSlayer by viewing the return summary</p>
<p>Determining Eligibility and Calculating the Credit</p>	<p><b>Remind</b> students to verify the qualifying child using Form 13614-C.</p> <p><b>Discuss</b> Form 4012 Child Tax Credit Interview Tips:</p> <ul style="list-style-type: none"> <li>• Steps 1-5 clarify taxpayer’s marital status and household information</li> <li>• Steps 6-7 determine if Pub 972 is required to calculate the credit (if TaxSlayer is not being used)</li> </ul> <p><b>Refer</b> students to Form 1040 Instructions for details about applying the credit.</p> <p><b>Demonstrate</b> how TaxSlayer automatically computes the child tax credit.</p>	<p><b>Visuals:</b>  <a href="#">Form 13614-C</a>, Marital Status and Household Information</p> <p>Pub 4012, Nonrefundable Credits tab:</p> <ul style="list-style-type: none"> <li>• <a href="#">Child Tax Credit Interview Tips</a></li> <li>• <a href="#">Nonrefundable Credits</a></li> </ul> <p><a href="#">Form 1040 Instructions</a>, lines 52 and 67</p>
<p>Additional Child Tax Credit</p>	<p><b>Emphasize</b> that the additional child tax credit is for taxpayers who did not get the full \$1,000 of the nonrefundable child tax credit.</p> <p><b>Ask:</b> What is the maximum amount of the additional child tax credit?  <b>Answer:</b> \$1,000 per qualifying child.</p> <p><b>Ask:</b> Can a taxpayer with no tax liability claim the additional child tax credit?</p>	<p><b>Visuals:</b>  Pub 4012, Nonrefundable Credits tab:</p> <ul style="list-style-type: none"> <li>• <a href="#">Additional Child Tax Credit – General Eligibility Tip</a></li> <li>• <a href="#">Other Taxes and Payments</a></li> </ul> <p><a href="#">Schedule 8812</a></p>

**Answer:** Yes, it is a refundable credit.

**Demonstrate** how TaxSlayer automatically computes the additional child tax credit on Schedule 8812 and enters the amount on Form 1040.

Avoiding Common Errors

**Emphasize** the importance of accurate entries in Form 13614-C.

**Visuals:**  
[Form 13614-C](#), Page 1, Part II  
 Pub 4012, Exemptions/Dependents tab

Skills Workout

**Review** the L&LT Skills Workout exercises with the class.

**Visuals:**  
 L&LT Click the icon for Certification Warm Up Exercises

Practice

**Select** the practice exercise on Form 1040.  
**Ask** students to select the problem based on their certification course of study.  
**Verify** they have correctly entered the child tax credit.

**Visuals:**  
[Publication 4491-W Comprehensive Problem and Practice Exercises](#)

References

L&LT

Child Tax Credit

Form 13614-C

[Form 13614-C](#), Intake/Interview & Quality Review Sheet, Page 1, Part II

Form 1040

[Form 1040](#)

Schedule 8812

[Schedule 8812, Child Tax Credit](#)

Pub 4012, Volunteer Resource Guide

Pub 4012, Volunteer Resource Guide, Nonrefundable Credits tab  
[Child Tax Credit](#)  
[Additional Child Tax Credit – General Eligibility Tip](#)  
[Child Tax Credit Interview Tips](#)  
[Basic Information section](#), Dependents/Nondependents section

[Nonrefundable Credits](#)  
[Other Taxes and Payments](#)

Pub 4491-W      [Pub 4491-W](#) – Basic-Advanced comprehensive problem, practice exercise(s) or supplements for Form 1040, lines 52 and 67

Pub 17      [Pub 17](#), Chapter 34, Child Tax Credit

Optional

Form 1040 Instructions      [Form 1040 Instructions](#), Child Tax Credit and Child Tax Credit Worksheet

Form 8332      [Form 8332, Release/Revocation of Release of Claim to Exemption for Child by Custodial Parent](#)

Pub 972      [Pub 972](#), Child Tax Credit

**Recommended Classroom Activities**



**Skills Workout**



**Certification Warm Up**



**Media: Videos & Audio**



**TaxSlayer Tutorial**



**Job Aids**



**Practice Lab**



**Skills Workout: Link & Learn Taxes Child Tax Credit**

Click Skills Workout for a new way to access Link & Learn Taxes Child Tax Credit.



**Certification Warm Up– Summary and Exercises**

Click Certification Warm Up for a new way to access the Exercises in Link & Learn Taxes Child Tax Credit.



**Media: Video & Audio for Lesson**

There is no media associated with this lesson.



**TaxSlayer Tips and Resources for Lesson**

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TaxSlayer Training Video    [Entering Basic Credits](#)

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Practice Lab Tutorial    From the [Practice Lab](#):

1. Enter the universal password (if you do not have the password, you can request it from your site coordinator or SPEC relationship manager).
2. Sign in to Practice Lab or create an account.
3. Select the appropriate tutorial.



**Job Aids**

**FAQs for Lesson**

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FAQs

May a noncustodial parent claim the child tax credit for his or her child?

<https://www.irs.gov/faqs/childcare-credit-other-credits/child-tax-credit>

May I claim both the child tax credit and the child and dependent care credit?

<https://www.irs.gov/faqs/childcare-credit-other-credits/child-tax-credit>

Child tax credit for a child with an ITIN

<https://www.irs.gov/faqs/childcare-credit-other-credits/child-tax-credit>

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Other

10 Facts about the Child Tax Credit

<http://www.irs.gov/uac/Ten-Facts-about-the-Child-Tax-Credit>

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References

References for L&LT Child Tax Credit

<http://apps.irs.gov/app/vita/content/25/references.jsp>



**Practice Lab**

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Practice Lab

<https://vita.taxslayerpro.com/IRSTraining/>