

# Fact Sheet

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## Module 8: Child Tax Credit and Additional Child Tax Credit

The child tax credit allows taxpayers to claim a tax credit of up to \$1,000 per qualifying child under the age of 17. This reduces their tax liability, potentially to \$0. In order to claim the credit, the taxpayer and child must meet several requirements.

When a taxpayer's child tax credit is more than their tax liability, they may be eligible to claim an additional child tax credit as well as the child tax credit. The additional child tax credit is also a tax credit of up to \$1,000 per qualifying child. This further reduces their tax liability and can result in a refund. Taxpayers must meet additional requirements to claim this credit.

Tax, credits, and payments

Form 1040A (2014) tax form sections 22 through 46. Includes fields for adjusted gross income, standard deduction, exemptions, tax, credits, and total payments.

Standard Deduction for—
• People who check any box on line 23a or 23b or who can be claimed as a dependent, see instructions.
• All others: Single or Married filing separately, \$6,200
Married filing jointly or Qualifying widow(er), \$12,400
Head of household, \$9,100

If you have a qualifying child, attach Schedule EIC.

Refund

Direct deposit? See instructions and fill in 48b, 48c, and 48d or Form 8888.

Form 1040A (2014) tax form sections 47 through 49. Includes fields for overpaid amount, routing and account numbers, and amount applied to 2015 estimated tax.

Amount you owe

Form 1040A (2014) tax form sections 50 and 51. Includes fields for amount you owe and estimated tax penalty.

Third party designee

Form 1040A (2014) tax form section 52. Includes fields for designee name, phone number, and personal identification number (PIN).

Sign here

Joint return? See instructions. Keep a copy for your records.

Form 1040A (2014) tax form section 53. Includes signature lines for taxpayer and spouse, and occupation and phone number fields.

Paid preparer use only

Form 1040A (2014) tax form section 54. Includes fields for preparer's name, signature, date, firm's name, address, EIN, and phone number.

## **Child Tax Credit Requirements and Limits**

### **Child Requirements**

To qualify, the child must:

- be under age 17 at the end of the tax year
- be a citizen, national, or resident of the United States
- not have provided over half of his/her own support for the tax year
- lived with the taxpayer for more than half of the tax year
- be the taxpayer's:
  - child or a descendant of a child (for example, a grandchild)
  - stepchild or adopted child or a descendent of one
  - brother, sister, stepbrother, stepsister, or a descendent of one
  - eligible foster child

### **Taxpayer Requirements**

Taxpayers must provide the name and social security number or the Individual Taxpayer Identification Number (ITIN) of each qualifying child on their tax returns.

### **Credit Limits**

The credit depends on the taxpayer's:

- tax liability: the credit cannot be more than the taxpayer's tax liability
- modified adjusted gross income and filing status: the credit may be reduced if the taxpayer's modified adjusted gross income is above a certain amount for their filing status.

## **Additional Child Tax Credit Requirements and Limits**

### **Child Requirements**

To qualify for the additional child tax credit, the child must qualify for the child tax credit.

### **Taxpayer Requirements**

To qualify for the additional child tax credit, taxpayers must:

- meet the requirements previously discussed for the child tax credit
- have a tax liability that is less than their allowable child tax credit
- earn more than \$3,000 during the tax year
- Use Form 8812 to determine the Additional Child Tax Credit and attach it to your tax return

### **Credit Limits**

The credit is whichever is lower:

- 15% of the taxpayer's taxable earned income that is over \$3,000, or
- The amount of unused child tax credit (caused when tax liability is less than allowed credit)