What Is The Child Tax Credit?

The child tax credit is a tax benefit for people with low or moderate incomes.

When you file a tax return, the child tax credit could reduce your tax. You might also receive a refund!

Some of the child tax credit laws are new. Before 2001, the child tax credit could reduce your tax but you had to have more than two children to get a cash refund.

The new child tax credit allows *some* people to get a cash refund with only one child.

Is the Child Tax Credit Like the Earned Income Tax Credit (EITC)?

The child tax credit is not the same as the EITC. The child tax credit and EITC have different rules.

Many people, who do not qualify for the EITC, qualify for the child tax credit. Some people will qualify for both the child tax credit and the EITC.

A married couple with two children will qualify for the EITC if their combined incomes are below $39, 783. A married couple with two children will qualify for the child tax credit if their combined incomes are less than $110,000!

With the Child Tax Credit, you can:

1. Get more child tax credit if you have more than two children;
2. File a separate return;
3. Claim the child tax credit with an Individual Taxpayer Identification Number (ITIN).

Who Can Get the Child Tax Credit?

To receive the Child Tax Credit, the child must be:

- Your son, daughter, step-child, adopted child, grandchild, niece, nephew, sister, brother or eligible foster child.
- Under age 17 at the end of 2006 - 16 years of age or younger on December 31, 2006.
- Your dependent. Your child *must* qualify as a dependent and be listed on your tax return as a dependent.
- A citizen or resident of the United States (U.S.).

Your income must be less than:

FILING STATUS	AMOUNT
MARRIED FILING JOINTLY	$110,000
MARRIED FILING SEPARATELY	$55,000
HEAD OF HOUSEHOLD AND QUALIFYING WIDOW	$75,000
SINGLE	$75,000

How Much Child Tax Credit Am I Entitled to Receive?

The amount of your child tax credit depends on the number of children that you have.

Number of Children	Maximum Child Tax Credit
1	$1000
2	$2000
3	$3,000
4	$4,000

You may not qualify for the maximum child tax credit.