

Tax Credits CHILD CARE AND FAMILIES

Child and Dependent Care Credit

The Child and Dependent Care Credit is a tax benefit that helps families pay for child care they need in order to work or to look for work.

Who Qualifies?

Families who paid for child care for a child under age 13 and

- need child care to work or look for work;
- have earned income; and
- for whom they can claim an exemption

Eligible families must file a federal income tax return - either FORM 1040 or 1040A - and attach a separate “schedule” or form with their return. With Form 1040, families must attach Form 2441. With Form 1040A, families use Schedule 2. Payments may be reduced if employer dependent care benefits are received and not included as income.

In general, the credit can only be claimed for a child claimed as a tax dependent. However, there are special rules for children of divorced or separated parents. Call the IRS at 1-800-TAX-1040 for more information.

Earned Income Tax Credit (EITC)

The EITC is a special tax benefit for people who work full or part time. If you qualify, you’ll owe less in taxes, and may even get cash back. Even if you don’t owe income tax, you can get the credit but must file a federal tax return.

Who Qualifies?

Tax Year	Must earn less than		Number of Children
	If Single, or filing separately	If Married Filing Jointly	
2007	\$37,783	\$39,783	2 or More
	\$33,241	\$35,241	1
2008	\$38,646	\$41,646	2 or More
	\$33,995	\$36,995	1

Some workers raising children can also get part of their EITC payments in advance by filling out form W-5 and giving it to their employer. Check your eligibility using the EITC Assistant by logging onto www.irs.gov/individuals/article/0,,id=130102,00.html.

Child Tax Credit

The Child Tax Credit (CTC) is a federal tax credit, worth up to \$1000 per child for families with dependent children under age 17.

Who Qualifies?

To qualify for the CTC, you must have a child who meets the following criteria:

- under age 17;
- a U.S. citizen, U.S. national or U.S. resident;
- did not provide more than half his/her own support*;
- lived with you over half the year*;
- is a son, daughter, stepchild, foster child, adopted child, sibling, step-sibling or a descendent of any of these. If the claimed child is not your dependent, you must complete *Form 8901*.

Income limitations apply to the CTC. If your income is above \$75,000 as a single, head of household or qualifying widow(er), \$110,000 if married filing jointly or \$55,000 if married filing separately or if you pay no income tax, your CTC will be reduced and you must file for the *Additional Child Tax Credit*.

** There are special rules for divorced, etc. parents. Contact the IRS for more information.*

To claim the Child Tax Credit refund families should file a federal income tax return—Form 1040, 1040A, or 1040NR (but not 1040EZ or 1040EZNR). The instructions in the tax form packet will help tax filers figure their income tax and calculate their maximum possible CTC. The CTC is first used to reduce or eliminate any income tax a tax filer owes. You will need to file form 8812 to get a CTC refund if no tax is due. This form must be attached to the tax return to get the CTC refund.

For More Information on the Earned Income Tax Credit, dial 211 or

800-874-8545 Ashtabula

216-436-2000 Cuyahoga

888-386-3194 Geauga

440-639-4420 Lake