



# Federal Child Tax Credit

Tax Year 2018

## WHAT IS IT?

**The Federal Child Tax Credit (CTC)** is for taxpayers raising dependent children under age 17. Families can get a credit of up to \$2,000 for each child and up to \$1,400 per child is refundable. The CTC is partially refundable, meaning that families whose credit is greater than their tax liability can receive part or all of the difference as a refund. Federal tax changes in 2017 provided for a larger tax credit and allowed more taxpayers—even those of moderate and high incomes—to qualify for it.

Taxpayers with dependents who are not qualifying children may get a nonrefundable credit of up to \$500 per dependent.

## WHO IS A “QUALIFYING CHILD” FOR THE CTC?

- Sons, daughters, stepchildren, grandchildren and adopted children.
- Brothers, sisters, stepbrothers or stepsisters—as well as descendants of such relatives.
- Foster children who are placed with the filer by an authorized government or private placement agency.
- A child claimed for the CTC must be under age 17 at the end of 2018.
- The child must live with the filer for more than half of the year in the U.S. and must be either a citizen or a legal resident. The child must have a valid Social Security number.

**The definition of “qualifying child” for the CTC differs in two important ways from the definition for the EITC:**

- A child may not be claimed for the CTC if the child provides over one-half of his or her own support.
- Noncustodial parents allowed to claim a child as a dependent by a divorce or separation agreement or under a release from the custodial parent (Form 8332) are entitled to claim the child for the CTC.

## HOW DOES IT WORK?

- Taxpayers must have taxable earned income over \$2,500 in 2018 to qualify for a refund. Filers first apply a Child Tax Credit of \$2,000 per child to reduce or eliminate their tax liability. Families who still have CTC remaining after their tax liability has been eliminated may receive a refund equal to 15% of the family’s earned income over \$2,500, up to \$1,400 per child.
- Filers with children who receive the Earned Income Tax Credit, and who owe income tax, may also receive the CTC. The Child Tax Credit will not reduce benefits from the EITC.

## HOW DO FILERS CLAIM THE CREDIT?

- To claim the credit, workers must file Form 1040 or 1040-NR.
- Filers should complete the CTC worksheet included in the tax form. If, after the completion of the worksheet, the filer has eliminated his/her income tax, or if the filer has three or more children, the filer should complete Schedule 8812 for the Additional Child Tax Credit.

## SAVE MONEY!

You can find out where to get free tax help at [www.michiganfreetaxhelp.org](http://www.michiganfreetaxhelp.org).

