



2011 Child Tax Credit



What is the Child Tax Credit?

Child Tax Credit is a tax benefit for people with low or moderate incomes. You may get the Child Tax Credit for any person you claim as a dependent who was under age 17 on December 31, 2011. The Child Tax Credit reduces your tax and can also be a cash refund (the refund is known as the "Additional Child Tax Credit"). The Child Tax Credit is different from the Child and Dependent Care Credit.

How do I claim the Child Tax Credit?

Generally, you must file an income tax return using Form 1040 or Form 1040A (not 1040EZ) to claim the Child Tax Credit.

-You must either complete the worksheet in your Form's instruction booklet or the worksheet in IRS Publication 972. To determine which worksheet to use, answer the *Questions* in Form 1040's instructions booklet for line 51.

How much Child Tax Credit can I get?

The amount of your child tax credit depends on your income and the number of children that you have. The calculation for the Child Tax Credit and the "additional Child Tax Credit" (see below) are complicated, but you can get up to \$1000 per child.

-There is no limit on the number of children for whom you can get Child Tax Credit, as long as those children are qualifying children.

-If you (and your spouse, if you file married filing jointly) have no income, you will not get Child Tax Credit.

How much can I earn and still get the Child Tax Credit?

Your eligibility for Child Tax Credit depends on your modified adjusted gross income (AGI). You will **not** qualify for the full Child Tax Credit if your modified AGI is **above** the amount shown below for your filing status.

- Married filing jointly - \$110,000.
- Single, head of household, or qualifying widow(er) - \$75,000.
- Married filing separately - \$55,000.

For purposes of the Child Tax Credit, your modified AGI is your AGI plus certain foreign earned income or income from Puerto Rico or American Samoa. Your AGI is your total income before your itemized/standard deduction and dependency exemption are subtracted to get to your taxable income. See IRS Publication 17 for more information.

Could I have received Advance Child Tax Credit for 2011 in 2010?

No. There is no Advance Child Tax Credit in 2011.

What if my spouse or I received combat pay in 2011?

Combat pay earned in 2011 is not taxable income to the recipient or the recipient's spouse. However, combat pay is counted as part of "total earned income" when additional child tax credit is calculated, and may in limited circumstances be considered in the calculation of child tax credit. Generally, counting the combat pay will result in a greater additional child tax credit refund.

Do I have a "qualifying child" for the Child Tax Credit?

Your child is a qualifying child for purposes of the Child Tax Credit if your child meets the age, residency, dependency and relationship tests.

1. **Age:** The child must be under age 17 on December 31, 2011.
2. **Residency:** The child must be a citizen or resident of the United States and generally must have lived with you more than ½ of 2011.
3. **Dependency:** You must claim the child as a dependent on your tax return.
 - If you are a non-custodial parent claiming a child as a dependent because of a Court Order or an agreement with the custodial parent, you may also claim the child for Child Tax Credit.
4. **Relationship:** The child can be your son, daughter, stepson, or stepdaughter, adopted child, grandchild, or eligible foster child. Your brother, sister, stepbrother, stepsister (or the child or grandchild of your brother, sister, stepbrother, or stepsister) may also be a qualifying child
5. **Child:** Did not provide more than ½ his/her support for 2011.

Does my qualifying child have to have a Social Security number in order for me to get the Child Tax Credit?

No. Your child can have a valid Social Security number, an Individual Taxpayer Identification Number (ITIN) or an Adoption Taxpayer Identification Number (ATIN).

Will I get a cash refund of the Child Tax Credit ("additional" Child Tax Credit)?

The Child Tax Credit reduces the amount of tax you owe. In addition, if the Child Tax Credit you are eligible for is greater than your tax liability, you may be able to claim the difference as a refund. This refund is called "additional" Child Tax Credit. You must file Form 8812 to claim "additional" Child Tax Credit.

Will "additional" Child Tax Credit affect my public benefits?

"Additional" Child Tax Credit will *not* affect your public benefits, such as food stamps, low-income housing, welfare, Medicaid and SSI. However, if you have not spent your "additional" Child Tax Credit within a certain amount of time, it may count as an asset (or resource) and affect your eligibility for public benefits or the amount of your public benefits.

-If you think you have been wrongfully denied public benefits or that the amount of your public benefits was wrongfully decreased because of the Child Tax Credit, you should call the AccessLine for Legal Aid of Nebraska at 1-877-250-2016 for advice and possible representation.

Where do I go for assistance in preparing my tax return?

Free tax preparation is available at Volunteer Income Tax Assistance (VITA) sites during the tax filing season and at your local IRS Taxpayer Assistance Center throughout the year.

- The income eligibility requirement for the free tax preparation at both locations is \$49,000 income per return.
- Both locations do free e-file. If you can direct deposit your refund, you should be able to receive it within about 10 days.
- Both locations can also help you with prior year returns that were never filed or that you wish to amend.
- Taxpayer Assistance Centers are located in Lincoln, Norfolk, North Platte, Omaha and Scottsbluff. VITA will have over 50 sites across the state during tax filing season. For more information on VITA locations and times, call 1-800-829-1040.

What if the IRS audits my income tax return?

If the IRS has questions about your eligibility for Child Tax Credit it may audit your return.

-The IRS will send you a letter requesting more information from you to support your claim for Child Tax Credit. This is likely only to happen if there is also a dispute over a dependency exemption. You should respond to this letter by the deadline.

What if the IRS denies my claim for Child Tax Credit?

If the IRS denies your claim for Child Tax Credit, you should appeal the IRS decision. You may want the assistance of an attorney.

-The IRS will send you a letter, informing of its decision to deny your claim for Child Tax Credit and informing you of your rights.

-Generally, to appeal, you must prepare a written statement explaining why you are qualified to claim Child Tax Credit. You should attach documents that support your claim.

For more information on the Child Tax Credit, see IRS Publications 17 and 972. You can get forms and publications from your local IRS Taxpayer Assistance Center, by calling the IRS at 1-800-829-3676, or on the internet at www.irs.gov

This worksheet was prepared by the Low-Income Tax Clinic of Legal Aid of Nebraska on 1/5/12. Call (402)348-1069 or 1-877-250-2016 for more copies or go to the website at www.legalaidofnebraska.com. For legal assistance with an income tax or other civil legal matter, call the AccessLine for Legal Aid of Nebraska at 1-877-250-2016.