

2024 Child Tax Credit, Earned Income Tax Credit & Child & Dependent Care Deductions

► Tax benefits for many families with children expanded because of the American Rescue Plan Act of 2021. The direct benefits for individuals and families include tax credits, direct payments, housing, health, and small business support.

This document details the Child Tax Credit, the Earned Income Tax Credit, eligible child and dependent care expenses, who is eligible, and how to claim the credits and expenses on your tax return.

Child Tax Credit

The Child Tax Credit is offered by the Internal Revenue Service (IRS) for families with qualifying children. A tax credit can reduce the dollar amount of the taxes you owe and even yield you a bigger tax refund.

For tax year 2024 (file in 2025), the maximum tax credit amount is \$2,000 per qualifying child. But the maximum refundable portion is \$1,700 per child. This means you could receive up to \$1,700 per child in your tax refund. If annual income is \$200,000 (\$400,000 for couples filing jointly), the amount of the tax credit is reduced.

To be a qualifying child for the 2024 tax year, your dependent generally must:

- Be under 17 at the end of the tax year.
- Be your son, daughter, stepchild, eligible foster child, brother, sister, stepbrother, stepsister, half-brother, half-sister, or a descendant of one of these (for example, a grandchild, niece, or nephew).
- Not provide more than half of his or her own support for the tax year.
- Have lived with you for more than half the tax year.
- Be claimed as a dependent on your return.
- Not file a joint return for the year (or filed the joint return only to claim a refund of taxes withheld or estimated taxes).



- Be a U.S. citizen, U.S. National or a U.S. resident alien.
- Must have a Social Security Number that is valid for employment and is issued before the due date of your tax return (including extensions).

Even if a filer owes no federal income taxes, they can still get the Child Tax Credit for 2024. You may see a tax refund if the amount of the tax credit is greater than the amount of taxes that you owe. For more details, visit the IRS website at www.irs.gov/credits-deductions/individuals/child-tax-credit.

Earned Income Tax Credit

The Earned Income Tax Credit is a tax credit for working individuals who make low-to-moderate incomes. It is designed to reduce the rate of poverty in America. A person's maximum credit depends on their filing status, income, and number of qualifying children. The following is the maximum EITC for the 2024 tax year (filed in 2025):

- No qualifying children: \$632
- One qualifying child: \$4,213

- Two qualifying children: \$6,960
- Three or more qualifying children: \$7,830

To qualify for EITC, you must meet several requirements, including the following:

- **Earn Income:** You (or your spouse, if filing jointly) must have earned income from working. Income can include wages, salaries, tips, or self-employment.
- **Income Limits:** The maximum amount of income you can have to qualify varies depending on your filing status (single, married, etc.), and the number of children you have.
- **Filing Status:** Married filing separately is not eligible. You must file as single, head of household, qualifying surviving spouse, or married filing jointly.
- **Residency:** You must be a U.S. citizen or a resident alien.
- **Social Security Number:** You and any qualifying children must have valid Social Security numbers.

Some other rules apply. For more information, visit the IRS website at www.irs.gov/credits-deductions/individuals/earned-income-tax-credit/earned-income-and-earned-income-tax-credit-eitc-tables.

Child and Dependent Care Expenses

Tax credit eligibility exists to help cover up to 35 percent of your employment-related expenses to offset the cost of child and dependent care. Childcare or dependent care includes paying someone to care for your child under age 13, or for a spouse or other dependent who cannot care for themselves. Employment-related expenses are the monies you paid in childcare so that you could work or seek out work opportunities.

To qualify for tax credit, one of the following requirements must be met:

- Qualifying child who is your dependent and who was under age 13 when the care was provided.
- A spouse who wasn't physically or mentally able to care for themselves lived with you for more than half the year.
- A person who wasn't physically or mentally able to care for themselves lived with you for more than half the year, and either was your dependent or would have been your dependent under certain rules.

For more details, visit the IRS website at www.irs.gov/publications/p503.

Having a child or dependent can be expensive. The government acknowledges the costs associated with caring for a family and provides help to lessen the burden on many Americans. For tax credits, child tax credit, EITC, or dependent or child care, a tax return must be filed to get the tax benefits or refund. Seek professional help when filing your 2024 tax return to ensure you maximize your family-related tax benefits.

Many organizations partner with the IRS to offer free tax preparation assistance through the Volunteer Income Tax Assistance (VITA) program and the Tax Counseling for the Elderly (TCE) program.



Portia Johnson, *Extension Specialist*, Assistant Professor, Financial Resource Management and Workforce Development, and **Patricia Smith**, *Regional Extension Agent*, Financial Resource Management, both with Auburn University

For more information, contact your county Extension office. Visit www.aces.edu/directory.

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