

Abstract: Parents know that raising children is expensive. Although some of the enhancements of the Child Tax Credit (CTC) have expired, the credit is still available for eligible parents of children under age 17. Plus, there's still time for taxpayers to claim the CTC on their 2023 tax returns, if they haven't filed yet. This short article reviews the current rules.

The Child Tax Credit is still available

Parents know that raising children is expensive. Although some of the enhancements of the Child Tax Credit (CTC) have expired, this valuable credit is still available for eligible parents of children under age 17. Plus, there's still time to claim the CTC on your 2023 tax return if you haven't filed yet. Here are the current rules.

For 2023, the CTC is \$2,000 for each child if your modified adjusted gross income (MAGI) is \$200,000 or less for single filers (\$400,000 for married couples who file jointly). Once your MAGI exceeds that limit, the credit is reduced by \$50 for each \$1,000 above the threshold. It's fully phased out when your MAGI reaches \$240,000 for single filers (\$440,000 for married couples who file jointly).

Important: This credit is partially refundable. meaning that you don't have to owe taxes to qualify for the credit. For 2023, the maximum refundable portion is \$1,600.

Also available is a \$500 credit for certain dependents other than qualifying children. This may include dependent children age 17 or older, dependent parents or other qualifying relatives supported by the taxpayer, and dependents who live with the taxpayer but are unrelated.

Final points

On January 31, 2024, the House of Representatives passed a bill containing enhancements to the CTC for 2023 through 2025. As of this writing, it's uncertain whether it has enough support to pass the Senate. Contact us for the latest information.