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Abstract: The passage of the One, Big, Beautiful Bill Act delivers many family-friendly provisions. This article provides a brief rundown of three: the Child Tax Credit, the Credit for Other Dependents, and the adoption credit.

3 family-friendly tax benefits in the One, Big, Beautiful Bill Act

The One, Big, Beautiful Bill Act (OBBBA) brings a wide range of tax changes, with several key updates designed to support families. Among the many provisions, here are three with the potential to lower your tax bill.

1. Boosted Child Tax Credit — with a new rule

Beginning in 2025, the Child Tax Credit (CTC) increases to \$2,200 per qualifying child under age 17 (up from \$2,000). It will be adjusted annually for inflation starting in 2026. The refundable portion — the part you can receive even if you owe no tax — is locked in at \$1,700 for 2025 and will also adjust for inflation moving forward.

The income thresholds for the phaseout of the CTC remain unchanged and permanent at:

- \$200,000 for single and head of household taxpayers
- \$400,000 for married couples filing jointly

Beginning in 2025, you must include valid Social Security numbers (SSNs) for both the child and the taxpayer claiming the credit. For joint filers, at least one spouse must have an SSN to qualify.

2. The \$500 Credit for Other Dependents lives on

Previously set to expire after 2025, the \$500 Credit for Other Dependents (COD) is now permanent. The nonrefundable COD applies to dependents who don't qualify for the child tax credit, such as college-aged children or elderly parents. The dependent must be a U.S. citizen, national or resident alien and must have a valid Social Security number or Individual Taxpayer Identification number.

Income-based phaseouts mirror those of the CTC.

3. Adoption credit gets a refundable benefit

For 2025, the maximum credit is \$17,280 per adoption. But the credit phases out at higher income levels:

- Begins phasing out at \$259,190.
- Fully phases out at \$299,190.

Under the OBBBA up to \$5,000 of the credit is now refundable, offering more immediate financial help to adoptive parents. The nonrefundable portion can be carried forward; the refundable portion cannot.

Your tax advisor can offer more information about the tax side of adoption.

Questions?

These are just three highlights from the OBBBA's roughly 870 pages of tax updates. Some families stand to benefit, but as always, consult a tax advisor to make the most of what's available to you.