Lesson Plan

Child Tax Credit and Credit for Other Dependents

Time Required: 20 minutes

Introduction

This lesson covers the:

- Nonrefundable child tax credit reported in the Tax and Credits section of the tax return
- Refundable additional child tax credit reported on Schedule 8812 and in the Payments section of the tax return
- Credit for other dependents for those who do not qualify for the child tax credit

Objectives

Determine:

- The taxpayer's eligibility for the credit(s)
- Which taxpayer can claim the additional credits

Topics



The Child Tax Credit
Who Can Claim the Credit
Amount of the Credit
Determining Eligibility and Calculating the Credit
Additional Child Tax Credit
Credit for Other Dependents
Avoiding Common Errors

Key Terms

Additional Child Tax Credit: A credit that may be taken if the full amount of the child tax credit cannot be claimed.

Adjusted Gross Income (AGI): The taxpayer's total adjusted gross income (AGI) is the amount that is used to compute some limitations, such as the medical and dental deduction on Schedule A and the credit for child and dependent care expenses.

Child Tax Credit: A credit that may reduce tax by as much as $2,200 for each qualifying child.

Credit for Other Dependents: There is a $500 credit for other dependents who do not qualify for the $2,200 child tax credit.

Form 8332: Release/Revocation of Release of Claim to Exemption for Child by Custodial Parent. This form allows a taxpayer who is a custodial parent to release the claim on the child's exemption to the noncustodial parent.

Schedule 8812: Additional Child Tax Credit. The taxpayer may be able to qualify for the refundable additional child tax credit on this schedule.

Nonrefundable Credit: A nonrefundable credit can only reduce the tax liability to zero. Any excess credit is not refunded to the taxpayer.

Qualifying Child: To be identified as a qualifying child and dependent, a person must meet these tests: U.S. citizen or resident test, Joint return test, Dependent taxpayer test, Relationship test, Age test, Support test, Residence test, and Qualifying child of more than one person test.

Refundable Credit: Occurs when the amount of a credit is greater than the tax owed. Taxpayers not only can have their tax reduced to zero; they can also receive a "refund" of excess credit.

Teacher Tips

Guidelines for Lesson

Guideline	Instructor Notes	Presentation Aids
Lesson background info	**Review** the online demo of TaxSlayer on the child tax credit. **Point out** that a paper return is required if the taxpayer is applying for an ITIN for that dependent child and Form W-7 is not to be completed at the VITA site. **Remind** students that taxpayers who have ITINs may be eligible to claim the credit for other dependents as long as the ITIN is valid by the due date of the return. Advise that a SSN is required to claim the child tax credit.	**TaxSlayer® Demo:** From the Practice Lab, select: • TaxSlayer IRS training • Select the appropriate demo
Provide details and engage the students	**Discuss** all tips and cautions in detail. **Ask** students to read and/or role-play examples and sample interviews. **Review** answers to each exercise; ask students how they arrived at their answers.	**Internet:** Link & Learn Taxes (L&LT) Child Tax Credit

Topic-specific Tips

Topic Name	Instructor Notes	Presentation Aids
Introduction	**Review** lesson objectives. **Review** list of references. **State** the presentation time. **Caution** students not to confuse child tax credit with the child and dependent care tax credit.	**Visuals:** Form 13614-C, Page 1, Part II Form 1040 Pub 17, Chapter 34, Child Tax Credit Pub 4012, Tab G, Nonrefundable Credits
The Child Tax Credit	**Review** the rules in Pub 4012, Child Tax Credit tip for the definition of qualifying child. **Review** the eligibility rules in Pub 4012, Additional Child Tax Credit tip. **Ask**: Can a taxpayer choose to claim the additional child tax credit and not the child tax credit? **Answer**: No, taxpayers who	**Visuals:** Pub 4012, Tab G, Nonrefundable Credits: Form 1040

	don't meet the residency requirements can claim the additional child tax credit. **Discuss** when the dependent is not eligible for the child tax credit they may be eligible for the nonrefundable $500 credit for other dependents.	
Who Can Claim the Credit	**Review** each of the steps in Pub 4012, Child Tax Credit Table 1 with class and **emphasize** the difference in the age test for this credit vs. the age test for a qualifying dependent. **Emphasize** that to be a qualifying child for the child tax credit, the child must be claimed as the taxpayer's dependent. **Point out** that TaxSlayer automatically determines if a dependent is eligible for the Child Tax Credit based on the information entered in the tax return **Ask**: If the parents are divorced, can the noncustodial parent ever claim the child tax credit? **Answer**: Yes. In most cases, the qualifying child is considered the dependent of the custodial parent. However, the noncustodial parent may be entitled to claim the child tax credit and additional child tax credit for the qualifying child if the custodial parent provides them with Form 8332. **Ask**: When is Form 8332 required? **Answer**: When a custodial parent releases the dependency exemption (and therefore the child tax credit) to the noncustodial parent. **Point out** that a taxpayer who does not qualify for the nonrefundable child tax credit might qualify for the refundable additional child tax credit. **Ask:** If taxpayer has ever had credit disallowed.	**Visuals:** Pub 4012, Tab G, Nonrefundable Credits, Table 1: Does Your Qualifying Child Qualify You for the Child Tax Credit or Credit for Other Dependents? Schedule 8812, Credits for Qualifying Children and Other Dependents Form 8332 **Internet:** FAQs, May a noncustodial parent claim the child tax credit for his or her child? FAQ, May I claim both the child tax credit and the child and dependent care credit? FAQ, Child tax credit for a child with an ITIN FAQ, Ten Facts about the Child Tax Credit

Amount of the Credit	**Ask**: What is the maximum child tax credit? **Answer**: $2,200 per qualifying child. **Ask**: What factors determine the amount of the child tax credit? **Answer**: The tax liability, MAGI, and taxpayer's filing status. **Refer** students to Pub 17 for more information on MAGI as it applies to the child tax credit. **Demonstrate** TaxSlayer automatically calculates the credit.	**Visual:** Form 1040 Form 1040 Instructions, Child Tax Credit Worksheet Pub 972, Child Tax Credit Worksheet Pub 17, Chapter 34, Child Tax Credit **TaxSlayer Demo:** Entering Basic Credits, Verify the amount of the credit in TaxSlayer by viewing the return summary
Determining Eligibility and Calculating the Credit	**Remind** students to verify the qualifying child using Form 13614-C. **Caution** students that using incorrect worksheets to figure the credit will reduce the taxpayer's refund. **Refer** students to Form 1040 Instructions for details about applying the credit. **Demonstrate** how TaxSlayer automatically computes the child tax credit.	**Visuals:** Form 13614-C, Marital Status and Household Information Pub 4012, Tab G, Nonrefundable Credits • Table 1: Does Your Qualifying Child Qualify You for the Child Tax Credit or Credit for Other Dependents? • Nonrefundable Credits Form 1040 Instructions
Additional Child Tax Credit	**Emphasize** that the additional child tax credit is for taxpayers who did not meet the residency requirements. **Ask**: What is the maximum amount of the additional child tax credit? **Answer**: The amount varies per tax year. See Pub 4012, Tab G for the amount. **Ask**: Can a taxpayer with no tax liability claim the additional child tax credit? **Answer**: Yes, it is a refundable credit. **Demonstrate** how TaxSlayer automatically computes the additional child tax credit on Schedule 8812 and enters the amount on Form 1040.	**Visuals:** Pub 4012, Tab G, Nonrefundable Credits: • Additional Child Tax Credit – General Eligibility Tip • Other Taxes and Payments Schedule 8812

Credit for Other Dependents	**Review** the credit for other dependents. **Point out** there is a nonrefundable $500 credit for other dependents who do not qualify for the $2,200 child tax credit.	**Visuals:** Pub 4012, Tab G, Nonrefundable Credits, Table 2: Does Your Qualifying Relative Qualify You for the Credit for Other Dependents?
Avoiding Common Errors	**Emphasize** the importance of accurate entries in Form 13614-C.	**Visuals:** Form 13614-C, Page 1 Pub 4012, Tab C, Dependents
Skills Workout	**Review** the L&LT Skills Workout exercises with the class.	**Visuals:** L&LT Click the icon for Certification Warm Up Exercises

References

L&LT	Child Tax Credit
Form 13614-C	Form 13614-C, Intake/Interview & Quality Review Sheet, Page 1
Form 1040	Form 1040
Schedule 8812	Schedule 8812, Additional Child Tax Credit
Pub 4012, Volunteer Resource Guide	Pub 4012, Volunteer Resource Guide, Tab G, Nonrefundable Credits Child Tax Credit Additional Child Tax Credit – General Eligibility Tip Table 1: Does Your Qualifying Child Qualify You for the Child Tax Credit or Credit for Other Dependents? Table 2: Does Your Qualifying Relative Qualify You for the Credit for Other Dependents? Basic Information section, Dependents/Nondependents section Nonrefundable Credits Other Taxes and Payments
Pub 17	Pub 17, Chapter 34, Child Tax Credit
Schedule 8812 Instructions	Schedule 8812 Instructions, Credits for Qualifying Children and Other Dependents
Form 8332	Form 8332, Release/Revocation of Release of Claim to Exemption for Child by Custodial Parent

Recommended Classroom Activities



Skills Workout: Link & Learn Taxes Child Tax Credit and Credit for Other Dependents

Click Skills Workout to access Link & Learn Taxes Child Tax Credit.

Certification Warm Up– Summary and Exercises

Click Certification Warm Up to access the Exercises in Link & Learn Taxes Child Tax Credit.

Media: Video & Audio for Lesson

There is no media associated with this lesson.

TaxSlayer Tips and Resources for Lesson

TaxSlayer Training Video	Entering Basic Credits
Practice Lab Tutorial	From the Practice Lab: 1. Enter the universal password (if you do not have the password, you can request it from your site coordinator or SPEC relationship manager). 2. Sign in to Practice Lab or create an account. 3. Select the appropriate tutorial.

Job Aids

FAQs for Lesson

FAQs	May a noncustodial parent claim the child tax credit for his or her child? https://www.irs.gov/faqs/childcare-credit-other-credits/child-tax-credit May I claim both the child tax credit and the child and dependent care credit? https://www.irs.gov/faqs/childcare-credit-other-credits/child-tax-credit Child tax credit for a child with an ITIN https://www.irs.gov/faqs/childcare-credit-other-credits/child-tax-credit

Other	10 Facts about the Child Tax Credit https://www.irs.gov/uac/Ten-Facts-about-the-Child-Tax-Credit



Practice Lab

Practice Lab	https://vita.taxslayerpro.com/IRSTraining/