

What Families Should Know About Tax Credits



Working families have something to look forward to during tax season: eligible low to moderate income families may qualify for thousands of dollars in Federal and State tax credits!

Tax Credits help families pay for child care and dependent costs.

- Federal and state tax credits help working families pay for child care and dependent care costs.
- The Federal **Earned Income Tax Credit, Child Tax Credit, and Child and Dependent Care Credit** can lower the taxes that families have to pay and in some cases give cash refunds to families whose incomes are too low to owe income taxes.¹
- Many states have tax credits similar to the federal tax credits - families may be eligible for both!

Tax Credits represent thousands of dollars for working families.¹

- The **Federal Earned Income Tax Credit** can amount up to **\$4,300**.
- The **Federal Child Tax Credit** is worth up to **\$1,000** per child.
- The **Federal Credit for Child and Dependent Care Expenses** is available to individuals who paid for child or dependent care so that they could work or look for work in 2004. Families may qualify for up to **\$2,100**.

How to access these tax credits:

- Your family may qualify for these tax credits, so don't miss out!
- Free tax-preparation services can help you prepare your taxes, and to make sure that you claim these tax credits.
- The Volunteer Income Tax Assistance Program (VITA) is an easy to use free tax-preparation service. VITA, a program of the IRS, offers free tax help to low to moderate-income families in local communities. Please call 1-800-829-1040, the IRS helpline, and tell the operator you need to locate a VITA site in your community. They can search for a site near you by zip code, city, or state. Services are available in both English and Spanish.
- Immigrants are also eligible for some of these tax credits. Legal immigrants and their children must have a valid Social Security Number or Individual Taxpayer Identification Number to claim these tax credits. Confidentiality laws in the IRS protect individual information and do not allow the IRS to disclose tax return information unless it is a case of criminal fraud or investigation of terrorism.²

¹National Women's Law Center Toolkit for Child Care Advocates. (2004). *A Toolkit for Child Care Advocates*. http://www.nwlc.org/pdf/NWLC_TaxCreditsOutreachCampaignToolkit2005.pdf.

²Children's Defense Fund – New York. (2004). *Toolkits*. http://www.cdfny.org/Issues/CDFIssues_Toolkits.htm.