





Lesson Plan

Child Tax Credit

Time Required: 20 minutes

Introduction	Objectives	Topics
<p>This lesson covers the:</p> <ul style="list-style-type: none">• 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	<p>Determine:</p> <ul style="list-style-type: none">• The taxpayer's eligibility for the credit(s)• Which taxpayer can claim the additional credits	<div></div> <p>The Child Tax Credit</p> <p>Who Can Claim the Credit</p> <p>Amount of the Credit</p> <p>Determining Eligibility and Calculating the Credit</p> <p>Additional Child Tax Credit</p> <p>Avoiding Common Errors</p>

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 \$1,000 for each qualifying child.

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: 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	<p>Review the online demo of TaxWise on the child tax credit.</p> <p>Point out that a paper return is required if the taxpayer is applying for an ITIN for that dependent child</p> <p>Remind students that taxpayers who have ITINs may be eligible to claim the child tax credit as long as they meet the other requirements. A valid SSN is not required.</p>	<p>TaxWise® Demo:</p> <p>From the Practice Lab, select:</p> <ul style="list-style-type: none"> • TaxWise IRS training • Click the appropriate demo
Provide details and engage the students	<p>Discuss all tips and cautions in detail.</p> <p>Ask students to read and/or role-play examples and sample interviews.</p> <p>Review answers to each exercise; ask students how they arrived at their answers.</p>	<p>Internet:</p> <p>Link & Learn Taxes (L&LT) Child Tax Credit</p>

Topic-specific Tips

Topic Name	Instructor Notes	Presentation Aids
Introduction	<p>Review lesson objectives.</p> <p>Review list of references.</p> <p>State the presentation time.</p> <p>Caution students not to confuse child tax credit with the child and dependent care tax credit.</p>	<p>Visuals:</p> <p>Form 13614-C, Page 1, Part II</p> <p>Form 1040, lines 52 and 67</p> <p>Pub 17, Chapter 34, Child Tax Credit</p> <p>Pub 4012, Nonrefundable Credits tab</p>
The Child Tax Credit	<p>Review the rules in Pub 4012, Child Tax Credit tip for the definition of qualifying child.</p> <p>Review the eligibility rules in Pub 4012, Additional Child Tax Credit tip.</p> <p>Ask: Which child tax credit is a refundable</p>	<p>Visuals:</p> <p>Pub 4012, Nonrefundable Credits tab:</p> <p>Form 1040, lines 52 and 67</p> <p>Internet:</p> <p>10 Facts about the Child Tax</p>

credit? **Answer:** The additional child tax credit.

[Credit](#)

Ask: Can a taxpayer choose to claim the additional child tax credit and not the child tax credit? **Answer:** No, taxpayers who claim the additional child tax credit must claim the child tax credit as well.

Review the 10 Facts article on IRS.gov

Who Can Claim the Credit

Review each of the steps in Pub 4012, Child Tax Credit Interview Tips 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 TaxWise automatically:

- Determines if a dependent is eligible for the Child Tax Credit based on the information entered in the tax return
- Selects the check box for Child Tax Credit if the dependent qualifies based on age, relationship, and residence

Ask: If the parents are divorced, can the noncustodial parent ever claim the child tax credit? **Answer:** Yes.

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.

Ask: Can a taxpayer with no tax liability claim the child tax credit? **Answer:** No, because there is no tax to reduce, and the credit is a nonrefundable credit.

Point out that a taxpayer who does not qualify for the nonrefundable child tax credit might qualify for the refundable additional child tax credit.

Visuals:

Pub 4012, Nonrefundable Credits tab, [Child Tax Credit Interview Tips](#)

[Pub 972](#), Child Tax Credit Worksheet

[Form 8332](#)

Internet:

Interactive Tax Assistant, [Am I Eligible for the Child Tax Credit?](#)

FAQs, [Child Tax Credit](#)

Tax Map – FAQ, [My son was born on December 31st... will he be qualified for the Child Tax Credit?](#)

Tax Map – FAQ, [My child was born and only lived 40 minutes. Can she be used as a qualifying child ... for the child tax credit?](#)

TaxWise Demo:

Main Information Screen, Form 1040, line 52

	<p>Review the ITA, FAQs, and Tax Map FAQs on IRS.gov.</p> <p>Demonstrate how TaxWise automatically determines a taxpayer's eligibility.</p>	
Amount of the Credit	<p>Ask: What is the maximum child tax credit? Answer: \$1,000 per qualifying child.</p> <p>Ask: What factors determine the amount of the child tax credit? Answer: The taxpayer's tax liability, MAGI, and filing status.</p> <p>Refer students to Pub 17 for more information on MAGI as it applies to the child tax credit.</p> <p>Demonstrate the Child Tax Worksheet from Form 1040 Instructions and Pub 972.</p> <p>Caution students that using incorrect worksheets to figure the credit will reduce the taxpayer's refund.</p>	<p>Visual:</p> <p>Form 1040, line 47 (MAGI)</p> <p>Form 1040 Instructions, Child Tax Credit Worksheet</p> <p>Pub 972, Child Tax Credit Worksheet</p> <p>Pub 17, Chapter 34, Child Tax Credit</p> <p>TaxWise Demo:</p> <p>Main Information Screen, Form 1040, line 52</p>
Determining Eligibility and Calculating the Credit	<p>Remind students to verify the qualifying child using Form 13614-C.</p> <p>Discuss Form 4012 Child Tax Credit Interview Tips:</p> <ul style="list-style-type: none"> • Steps 1-5 clarify taxpayer's marital status and household information • Steps 6-7 determine if Pub 972 is required to calculate the credit (if TaxWise is not being used) <p>Refer students to Form 1040 Instructions for details about applying the credit.</p> <p>Demonstrate how TaxWise automatically computes the child tax credit.</p>	<p>Visuals:</p> <p>Form 13614-C, Marital Status and Household Information</p> <p>Pub 4012, Nonrefundable Credits tab:</p> <ul style="list-style-type: none"> • Child Tax Credit Interview Tips • Nonrefundable Credits <p>Form 1040 Instructions, lines 52 and 67</p> <p>TaxWise Demo:</p> <p>Main Information Screen, Dependents/Nondependents CTC Checkbox</p>

Additional Child Tax Credit	<p>Emphasize that the additional child tax credit is for taxpayers who did not get the full \$1,000 of the nonrefundable child tax credit.</p> <p>Ask: What is the maximum amount of the additional child tax credit? Answer: \$1,000 per qualifying child.</p> <p>Ask: Can a taxpayer with no tax liability claim the additional child tax credit? Answer: Yes, it is a refundable credit.</p> <p>Demonstrate how TaxWise automatically computes the additional child tax credit on Schedule 8812 and enters the amount on Form 1040.</p>	<p>Visuals:</p> <p>Pub 4012, Nonrefundable Credits tab:</p> <ul style="list-style-type: none"> • Additional Child Tax Credit – General Eligibility Tip • Other Taxes and Payments <p>Schedule 8812</p> <p>TaxWise Demo:</p> <p>Main Information Screen; Form 1040, line 67; Schedule 8812</p>
Avoiding Common Errors	<p>Emphasize the importance of accurate entries in Form 13614-C.</p>	<p>Visuals:</p> <p>Form 13614-C, Page 1, Part II</p> <p>Pub 4012, Preparing the Return tab, Main Information Screen, Dependents/ Nondependents section</p>
Skills Workout	<p>Review the L&LT Skills Workout exercises with the class.</p>	<p>Visuals:</p> <p>L&LT Click the icon for Certification Warm Up Exercises</p>
Practice	<p>Ask students to select the problem based on their certification course of study.</p> <p>Verify they have correctly entered the child tax credit.</p>	<p>Visuals:</p> <p>Publication 4491-W Comprehensive Problem and Practice Exercises</p>

References

L< Child Tax Credit

Form 13614-C	Form 13614-C , Intake/Interview & Quality Review Sheet, Page 1, Part II
Form 1040	Form 1040
Schedule 8812	Schedule 8812, Child Tax Credit
Pub 4012, Volunteer Resource Guide	Pub 4012, Volunteer Resource Guide, Nonrefundable Credits tab and Preparing the Return tab Child Tax Credit Additional Child Tax Credit – General Eligibility Tip Child Tax Credit Interview Tips Main Information Screen , Dependents/Nondependents section Nonrefundable Credits Other Taxes and Payments
Pub 4491-W	Pub 4491-W – Basic-Advanced comprehensive problem, practice exercise(s) or supplements for Form 1040, lines 52 and 67
Pub 17	Pub 17 , Chapter 34, Child Tax Credit

Optional

Form 1040 Instructions	Form 1040 Instructions , Child Tax Credit and Child Tax Credit Worksheet
Form 8332	Form 8332, Release/Revocation of Release of Claim to Exemption for Child by Custodial Parent
Pub 972	Pub 972 , Child Tax Credit

Recommended Classroom Activities



Skills Workout



Certification Warm Up



Media: Videos & Audio



TaxWise Tutorial



Job Aids



Practice Lab



Skills Workout: Link & Learn Taxes Child Tax Credit

Click Skills Workout for a new way to access Link & Learn Taxes Child Tax Credit.



Certification Warm Up– Summary and Exercises

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



Media: Video & Audio for Lesson

There is no media associated with this lesson.



TaxWise Tips and Resources for Lesson

TaxWise screens	Main Information Screen Form 1040 Schedule 8812
Practice Lab Tutorial	From the Practice Lab, select: 1. TaxWise IRS training 2. Click the appropriate demo
TaxWise Solution Center	https://support.taxwise.com/



Job Aids

ITA and FAQs for Lesson

Interactive Tax Assistant	Am I Eligible for the Child Tax Credit? http://www.irs.gov/uac/Am-I-Eligible-for-the-Child-Tax-Credit%3F
FAQs	Child Tax Credit http://www.irs.gov/Help-&-Resources/Tools-&-FAQs/FAQs-for-Individuals/Frequently-Asked-Tax-Questions-&-Answers/Childcare-Credit,-Other-Credits/Child-Tax-Credit/Child-Tax-Credit-2
Tax Map	FAQ: My son was born on December 31 st ... will he be qualified for the Child Tax Credit? http://taxmap.ntis.gov/taxmap/faqs/faq_02-003.htm#TXMP5df32eed FAQ: My child was born and only lived 40 minutes. Can she be used as a qualifying child ... for the child tax credit? http://taxmap.ntis.gov/taxmap/faqs/faq_08-001.htm#TXMP59583174
Other	10 Facts about the Child Tax Credit http://www.irs.gov/uac/Ten-Facts-about-the-Child-Tax-Credit Child-related Products http://www.irs.gov/Individuals/Child-related-Products



Practice Lab

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