

The Child Tax Credit And Divorce

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The child tax credit is available to all parents of a child under age 17, and is worth up to \$1,000. If the parents are divorced or were never married, only one parent can take the credit.

A credit is a dollar for dollar reduction in your tax due. This is different than a deduction, which simply reduces the amount of income you are taxed on.

For example, a \$1,000 *deduction* would be worth \$300 to someone who pays 30% in federal and state income taxes. A \$1,000 *credit* would be worth \$1,000.

The child tax credit is \$1,000 for single taxpayers (including Head Of Household) who earn \$75,000 or less, married taxpayers filing joint who earn \$110,000 or less, and married taxpayers filing separate who earn \$55,000 or less.

Over those income levels, the credit is slowly phased out.

One nice feature of the child tax credit is that it is refundable. That means that even if you don't owe \$1,000 in income tax, you will get a refund from the government anyway.

So who gets the child tax credit in a divorce? The parent who is entitled to the dependency exemption.

How to determine who gets the dependency exemption is the subject of another article.

For more information:

[Tax Rates And Dollar Limitations](#)
[The Divorce Financial Survival Series](#)