**8531. Who qualifies for the child tax credit?**

The child tax credit is generally a nonrefundable tax credit that is available for each “qualifying child” (defined below) of eligible taxpayers who meet certain income requirements. The child tax credit may be refundable to the extent that the taxpayer has three or more qualifying children or for a certain portion of the taxpayer’s earned income (see below). The child tax credit is $1,000 per child.[[1]](#footnote-1)

The term *qualifying child* means a “qualifying child” of the taxpayer (as defined under IRC Section 152(c) – see below) who has not attained the age of 17;[[2]](#footnote-2) and

(1) who is the taxpayer’s “child” (see below) or a descendant of such a child, *or* the taxpayer’s brother, sister, stepbrother, or stepsister or a descendant of any such relative;

(2) who has the same principal place of abode as the taxpayer for more than one-half of the taxable year; *and*

(3) who has not provided over one-half of his or her own support for the calendar year in which the taxpayer’s taxable year begins.[[3]](#footnote-3)

Additionally, a qualifying child must be either a citizen or a resident of the United States.[[4]](#footnote-4)

The term “child” means an individual who is: (1) a son, daughter, stepson, or stepdaughter of the taxpayer; or (2) an “eligible foster child” of the taxpayer.[[5]](#footnote-5) An “eligible foster child” means an individual who is placed with the taxpayer by an authorized placement agency or by judgment decree, or other order of any court of competent jurisdiction.[[6]](#footnote-6) Any adopted children of the taxpayer are treated the same as natural born children.[[7]](#footnote-7)

The amount of the credit is reduced for taxpayers whose modified adjusted gross income (MAGI) exceeds certain levels. A taxpayer’s MAGI is adjusted gross income without regard to the exclusions for income derived from certain foreign sources or sources within United States possessions. The credit amount is reduced by $50 for every $1,000 or fraction thereof, by which the taxpayer’s MAGI exceeds the following threshold amounts: $110,000 for married taxpayers filing jointly, $75,000 for unmarried individuals, and $55,000 for married taxpayers filing separately.[[8]](#footnote-8)

The child tax credit is also refundable. If the child tax credit exceeds the taxpayer’s tax liability, a taxpayer with one or two children can receive a refund of the lesser of the unused amount of the credit or 15% of earned income in excess of $3,000.[[9]](#endnote-1) For families with three or more qualifying children, the amount of the refundable credit is the greater of 15% of earned income over $3,000 or the sum of social security and Medicare taxes paid minus the earned income credit.

The nonrefundable child tax credit can be claimed against the individual’s regular income tax *and* alternative minimum tax (see Q 8537 and Q 8538). The tax credit cannot exceed the excess of (i) the sum of the taxpayer’s regular tax plus the alternative minimum tax over (ii) the sum of the taxpayer’s nonrefundable personal credits (other than the child tax credit, adoption credit, and saver’s credit) and the foreign tax credit for the taxable year.[[10]](#endnote-2) Finally, the refundable child tax credit is not required to be reduced by the amount of the taxpayer’s alternative minimum tax.[[11]](#endnote-3)

Some additional restrictions applying to the child tax credit include: (1) an individual’s tax return must identify the name and taxpayer identification number (Social Security number) of the child for whom the credit is claimed; and (2) the credit may be claimed only for a full taxable year, unless the taxable year is cut short by the death of the taxpayer.[[12]](#endnote-4)

For purposes of applying a uniform method of determining when a child attains a specific age, the IRS has ruled that a child attains a given age on the anniversary of the date that the child was born (e.g., a child born on January 1, 1987, attains the age of 17 on January 1, 2004).[[13]](#endnote-5)

1. . IRC Sec. 24(a). [↑](#footnote-ref-1)
2. . IRC Sec. 24(c)(1). [↑](#footnote-ref-2)
3. . IRC Sec. 152(c). [↑](#footnote-ref-3)
4. . IRC Sec. 24(c)(2). [↑](#footnote-ref-4)
5. . IRC Sec. 152(f)(1). [↑](#footnote-ref-5)
6. . IRC Sec. 152(f)(1)(C). [↑](#footnote-ref-6)
7. . IRC Sec. 152(f)(1)(B). [↑](#footnote-ref-7)
8. . IRC Sec. 24(b)(2). [↑](#footnote-ref-8)
9. IRC Sec. 24(d). [↑](#endnote-ref-1)
10. IRC Sec. 24(b)(3). [↑](#endnote-ref-2)
11. IRC Sec. 24(d)(1). [↑](#endnote-ref-3)
12. IRC Secs. 24(e), 24(f). [↑](#endnote-ref-4)
13. Rev. Rul. 2003-72, 2003-2 CB 346. [↑](#endnote-ref-5)