

Dependent Credits

Earned Income Tax Credit (EITC)

The Earned Income Tax Credit (EITC) helps people who work but do not earn a lot. Working families with incomes below \$41,646 and childless workers with incomes under \$15,880 often qualify. Generally, you must have earned income as an employee, independent contractor, farmer or business owner to qualify. Taxpayers under the minimum retirement age who receive disability payments from an employer plan may also be eligible.

Child Tax Credit

A taxpayer who has a dependent child under age 17 probably qualifies for the child tax credit. This credit, which can be as much as \$1,000 per eligible child, is in addition to the regular \$3,500 exemption claimed for each dependent. A change in the way the credit is figured means that more low- and moderate-income families will qualify for the full credit on their 2008 returns. The child tax credit is not the same as the child care credit.

Credit for Child and Dependent Care Expenses

An individual who pays for someone to care for a child so he or she can work or look for work probably qualifies for the child and dependent care credit. Normally, the child must be the taxpayer's dependent and under age 13. Though often referred to as the child care credit, this credit is also available to those who pay someone to care for a spouse or dependent, regardless of age, which is unable to care for him or herself. In most cases, the care provider's Social Security Number or taxpayer identification number must be obtained and entered on the return.