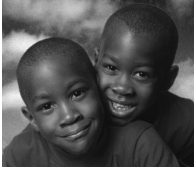


## Personal Credits



*from Chapter 14*

## Personal Credits

- **Child Care Credit**
- **Child Tax Credit**
- **HOPE Scholarship Credit**
- **Lifetime Learning Credit**
- **Earned Income Credit**

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3

## Child Care Credit

- **Page 14-12**
- **Officially:**
  - “**Child and Dependent Care Credit**”
- **Taxpayer(s) must work**
- **Limits**
  - **Age of children**
  - **Amount paid ('03)**
  - **Income of taxpayer ('03)**



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8

## Child Care Credit

### **Limits**

- **Age of children**
  - **Under 13 years of age**
- **Amount paid ('03)**
  - **\$3,000 (\$2,400) for one child**
  - **\$6,000 (\$4,800) for > one child**
- **Income of taxpayer ('03)**
  - **Smaller income**
  - **“Imputed” if f-t student**



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9

## Child Care Credit

### **Formula**

**“ERE” x “Rate” = Credit**

### **“ERE”**

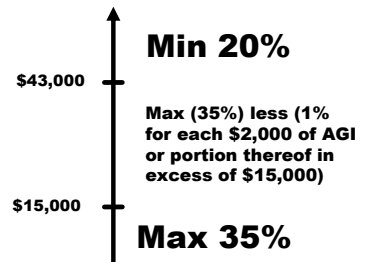
- **Actual**
- **Maximum**
- **Spouse's Smaller Income**

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11

## Child Care Credit

### **Rate**



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12

## Child Tax Credit

- Page 14-11 (also Chap 2)
- New in '98
- General rules:
  - Was \$600 per child under 17
  - Was to increase to \$1,000 over 10 yrs
  - Was raised to \$1,000 in '03
  - Generally non-refundable
  - 1040, line 53 ('06) (page 2-9)



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70

## Form 1040, Page 2, line 53 ('06)

42	Taxable income. Subtract line 42 from line 41. If line 42 is more than line 41, enter -0-	42	
43	Tax (see page 36). Check if any tax is from: a <input type="checkbox"/> Form(s) 8814 b <input type="checkbox"/> Form 4972	43	
44	Alternative minimum tax (see page 39). Attach Form 6251	44	
45	Add lines 44 and 45	45	
46	Foreign tax credit. Attach Form 1116 if required	46	
47	Credit for child and dependent care expenses. Attach Form 2441	47	
48	Credit for the elderly or the disabled. Attach Schedule R	48	
49	Education credits. Attach Form 8863	49	
50	Retirement savings contributions credit. Attach Form 8880	50	
51	Child tax credit (see page 42). Attach Form 8901 if required	51	
52	Other credits: a <input type="checkbox"/> Form 8800 b <input type="checkbox"/> Form 8901 c <input type="checkbox"/> Form 8885	52	
53	Add lines 47 through 55. These are your total credits	53	
54	Subtract line 56 from line 46. If line 56 is more than line 46, enter -0-	54	

## Text pages 2-8 and 2-9

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71

## Child Tax Credit

- Exceptions:
  - Too much income? Phased out
  - Too little income? Or > 3 children?
  - Additional credit may be refundable
  - ?? RP-4 ??



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73

## Extra Child Tax Credit

64	Federal income tax withheld from Forms W-2 and 1099	64	
65	2005 estimated tax payments and amount applied from 2004 return	65	
66a	Earned income credit (EIC)	66a	
66b	Nonrefundable combat pay election (see page 29)	66b	
67	Additional child tax credit. Attach Form 8812	67	
68	Amount paid with request for extension to file (see page 29)	68	
69	Payments from: a <input type="checkbox"/> Form 2439 b <input type="checkbox"/> Form 4398 c <input type="checkbox"/> Form 8885	69	
70	Add lines 64, 65, 66a, and 67 through 70. These are your total payments	70	
71		71	

## Form 1040, page 2, line 68

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74

## HOPE Scholarship Credit

- Page 14-15
- New in '98
- Limited to first two years of post secondary
- Allowed for maximum of 2 years per student
- Student must carry at least 1/2 the normal full-time load
- Up to \$1,650 in credit for tuition and related expenses
  - Not books, room, board, or activity fees
- 100% of first \$1,100 and 50% of next \$1,100
- Qualified amounts must be reduced by scholarships, etc.
- Phased out above certain income amounts

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75

## Table 14 - 2, pg 14 - 27

### 2007 Earned Income Credit Table

Number of Qual Children	Basic Percentage	Max Amt of EI for Credit	Max Tentative Cr
No Children	7.65%	\$5,590	\$428
One Child	34.0%	\$8,390	\$2,853
Two or More Children	40.0%	\$11,790	\$4,716

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82