



Families With Children

LEWIS & ACCOUNTING

Child Tax Credit

Maximum Credit

The maximum credit is \$2,200 per qualifying child who is under the age of 17 as of the end of the year.

Maximum Refundable Credit

The maximum refundable credit (Additional Child Tax Credit) is \$1,700 per qualifying child.

Adjusted Gross Income (AGI) Phaseout

The \$2,200 credit is reduced by \$50 for each \$1,000 of modified AGI above:

- \$400,000 Married Filing Jointly.
- \$200,000 Single, Head of Household, Qualifying Surviving Spouse, or Married Filing Separately.

Credit for Other Dependents

A nonrefundable credit of up to \$500 is allowed for each dependent that is not a qualifying child for the Child Tax Credit. The same AGI phaseout that applies to the Child Tax Credit, above, applies for the Credit for Other Dependents.

Child and Dependent Care Credit

Credit

The credit is 20% to 35% of the smallest of:

- \$3,000 (\$6,000 for two or more qualifying persons).
- Qualified expenses incurred and paid during the year.
- Include expenses for care in 2025 that were paid before 2025. Reduce expenses by dependent care benefits excluded from income.
- Your earned income.
- Your spouse's earned income.

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Exclusion

You may be eligible to exclude up to \$5,000 from your income for dependent care benefits under an employer plan regardless of the number of qualifying persons. Any amount excluded reduces the amount eligible for the credit.

Example: George and Mary have three children who qualify for the Child and Dependent Care Credit. George has elected to have \$5,000 excluded from his wages. They paid \$9,000 in 2025 for dependent care. The maximum that they can use towards the credit is \$1,000 (\$6,000 less the \$5,000 that was excluded from George's wages).

Child and Dependent Care Expenses	
Qualified	Not Qualified
• Care outside your home for a qualifying person who regularly spends at least eight hours each day in your home. • Amounts paid for items other than care (food and schooling) if they are incidental to the care and cannot be separated from the total cost. • Before and after school care. • Household services, including cooks, maids, babysitters, or cleaners, if services were partly for the care of a qualifying person. • Employment taxes, meals, and extra lodging expenses for household employees. • Day camps and similar programs even if they specialize in a particular activity. • Transportation provided by a childcare provider to or from a place that care is provided.	• Schooling for a child in kindergarten or above. This includes costs paid for a full day of kindergarten at a private school in a district where public schools have half-day classes. • Cost of an overnight camp. • Expenses reimbursed by a state social service agency not included in income. • Child support payments. • Transportation of the care provider and transportation of a qualifying person not provided by a childcare provider.

Earned Income Credit (EIC)

The EIC is a refundable credit for low-income earners.

Requirements for Everyone

The following requirements must be met.



Families With Children

- **Valid Social Security Numbers.** You and your spouse (if filing jointly) must have valid Social Security Numbers. Qualifying children must also have valid Social Security Numbers except a child who was born and died during the year. Adoption and individual taxpayer identification numbers (ATINs and ITINs) do not qualify. A Social Security Number on a card that reads “Not Valid for Employment” does not qualify. A Social Security Number on a card that reads “Valid for work only with DHS (or INS) authorization” qualifies.
- **You must be a U.S. citizen or resident alien for the entire year.** A nonresident alien can claim the credit if married to a U.S. citizen or resident alien, and the nonresident alien chooses to be treated as a resident for the entire tax year by filing a joint return.
- **You may not be a qualifying child of another taxpayer.**
- **You may not file a tax form relating to foreign earned income.**
- **Your investment income must be \$11,950 or less (indexed for inflation).**

Requirements Without a Qualifying Child

In addition to the requirements above, if you do not have any qualifying children, you:

- **Cannot be the dependent of another person.**
- **Must be at least age 25 but under age 65 at the end of the year.** If you are married and filing a joint return, only one spouse needs to meet the age test.
- **You must have lived in the U.S. for more than half the year.**

Married Filing Separately

You may claim the EIC if you are married, not filing a joint return, had a qualifying child who lived with you for more than half of the year, and either of the following applies.

- You lived apart from your spouse for the last six months of the year, or
- You are legally separated (according to state law) under a written separation agreement or a decree of separate maintenance, and you did not live in the same household as your spouse at the end of the year.

Maximum Credit

For 2025, the maximum credit is \$8,046. The amount of the credit varies based on the amount of your earned income,

the number of qualifying children you have, and your filing status.

Adoption Credit

Credit and Exclusion Amount

A taxpayer can claim a credit of up to \$17,280 and also exclude up to \$17,280 of employer-provided benefits from income for expenses of adopting an eligible child. The same qualifying expenses cannot be used for both. Limits apply to the total spent over all years for each effort to adopt an eligible child. Unmarried persons who adopt a child can divide each limit in any way they agree.

Phaseout. The adoption credit and exclusion phase out with income between \$259,190 and \$299,190.

Eligible Child

A child under age 18 or a person who is physically or mentally unable to care for themselves.

Qualified expenses include:	Nonqualified expenses include expenses:
• Adoption fees. • Attorney fees. • Court costs. • Travel expenses, meals and lodging, while away from home. • Re-adoption in state court.	• To adopt a spouse's child. • For surrogate parenting. • Paid or reimbursed by employer, governmental agency or other. • Allowed as a credit or deduction under another tax provision.

Education Credits

American Opportunity Credit. Credit of up to \$2,500 per student for the first four years of higher education. 40% of the credit may be refundable.

Lifetime Learning Credit. Credit of 20% of the first \$10,000 of qualified education expenses (maximum credit is \$2,000). No limit on the number of years the credit may be claimed.

Phaseout. Both education credits phase out with income \$80,000 – \$90,000 (\$160,000 – \$180,000 MFJ).

Contact Us

There are many events that occur during the year that can affect your tax situation. Preparation of your tax return involves summarizing transactions and events that occurred during the prior year. In most situations, treatment is firmly established at the time the transaction occurs. However, negative tax effects can be avoided by proper planning. Please contact us in advance if you have questions about the tax effects of a transaction or event, including the following:

- Pension or IRA distributions.
- Significant change in income or deductions.
- Job change.
- Marriage.
- Attainment of age 59½ or 73.
- Sale or purchase of a business.
- Sale or purchase of a residence or other real estate.
- Retirement.
- Notice from IRS or other revenue department.
- Divorce or separation.
- Self-employment.
- Charitable contributions of property in excess of \$5,000.

This brochure contains general information for taxpayers and should not be relied upon as the only source of authority. Taxpayers should seek professional tax advice for more information.

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