

How the Earned Income Tax Credit and Child Tax Credit Support Millions of American Families

Tax credits serve as powerful tools to help working families keep more of their hard-earned money. Two of the most impactful credits available are the Earned Income Tax Credit (EITC) and the Child Tax Credit (CTC). These credits provide substantial financial relief to millions of families across the country, helping them meet basic needs and build toward a more secure future.

Understanding the Earned Income Tax Credit:

The Earned Income Tax Credit is specifically designed to benefit working individuals and families with low to moderate income. For 2025, the credit varies significantly based on the number of qualifying children and filing status.

For married couples filing jointly, the EITC provides meaningful support at different family sizes. Families with no children can receive up to \$649 if their income falls between \$0 and \$26,214. The credit increases substantially for families with children: up to \$4,328 for one child (income up to \$57,554), \$7,152 for two children (income up to \$64,430), and \$8,046 for three or more children (income up to \$68,675).

What makes the EITC particularly valuable is that it's a refundable credit, meaning families can receive money back even if they owe no federal income tax. This feature transforms the credit into direct financial assistance for those who need it most.

The Child Tax Credit Provides Additional Support:

The Child Tax Credit offers another layer of financial assistance to families raising children. For 2025, families can claim \$2,200 per qualifying child under age 17. This credit directly reduces the amount of tax owed, putting more money back into family budgets.

The Additional Child Tax Credit (ACTC) makes up to \$1,700 of this credit refundable per qualifying child. This refundable portion ensures that even families with little or no tax liability can benefit from the credit. The earned income threshold for computing the ACTC is just \$2,500, making it accessible to families with modest earnings.

The credit begins to phase out at higher income levels: \$400,000 for married couples filing jointly and \$200,000 for other filing statuses, reduced by \$50 for each \$1,000 of modified adjusted gross income above these thresholds.

Credit for Other Dependents:

Families caring for dependents who don't qualify for the Child Tax Credit can still receive support through the Credit for Other Dependents. This nonrefundable credit provides \$500 per qualifying dependent, including qualifying children age 17 and older or qualifying relatives.

Important Requirements to Remember:

To claim the Child Tax Credit or Additional Child Tax Credit, both the taxpayer and the qualifying child must have a valid Social Security Number by the due date of the return, including extensions