

TAX BREAKS FOR FAMILIES WITH CHILDREN

Families with children will want to take advantage of the many IRS tax credits and benefits to which they may be entitled. These listed benefits and credits will be claimed when filing your 2012 Form 1040 or 1040A. As always, be sure to contact your tax professional for additional information.

CHILD TAX CREDIT - The Child Tax Credit can reduce your tax. You may be able to take a credit on your tax return for each of your children under age 17.

ADDITIONAL CHILD TAX CREDIT- This credit is for individuals who do not benefit from the full amount of the Child Tax Credit. The additional Child Tax Credit may give you a refund even if you do not owe any tax.

CHILD AND DEPENDENT CARE CREDIT- You may be able to claim the credit if you pay someone to care for your child under age 13 so that you can work or look for work. You may also qualify for this credit if you are filing jointly and you or your spouse is disabled or considered a full-time student.

EARNED INCOME TAX CREDIT (EITC) - The EITC is a benefit for certain people who work and have earned income or are self-employed. EITC reduces the amount of tax you owe. The EITC may also give you a refund.

ADOPTION CREDIT- You may be able to take a tax credit for qualifying expenses paid to adopt an eligible child. The credit may be more if the expenses are for the adoption of a child with special needs.

COVERDELL EDUCATION SAVINGS ACCOUNT- This savings account is used to pay qualified educational expenses at an eligible educational institution. Contributions are not deductible; however, qualified distributions are tax-free. Contributions can be made by eligible individuals in the child's name, but the total can't exceed the stated maximum for any one year.

QUALIFIED TUITION PROGRAMS (QTP) - This tax benefit includes programs administered by states and eligible educational institutions. Distributions from a QTP are tax-free unless the distribution is greater than the student's qualified education expenses... and the student or the student's parents may still be eligible to claim either the American Opportunity or Lifetime Learning Credit.

*"Like mothers, taxes are often misunderstood, but seldom forgotten." - Lord Bramwell,
19th Century English jurist*