

# ARC Q&A

## **1. What is the Child Tax Credit and how to get started Advance payments?**

- a. The Child Tax Credit is for individuals who claim a child as a dependent if the child meets additional conditions. Advance child tax credit payments are sent automatically if you are eligible and filed a tax return. If you did not file a tax return you must sign up on the non-filer tool at IRS.GOV.

## **2. Who can be claimed a “tax dependent” and how does this work (i.e.- what are allowed deductions)**

- a. A qualifying child
  - i. The child must be your son, daughter, stepchild, foster child, brother, sister, half brother, half sister, stepbrother, stepsister, or a descendant of any of them.
  - ii. The child must be (a) under age 19 at the end of the year and younger than you (or your spouse if filing jointly), (b) under age 24 at the end of the year, a student, and younger than you (or your spouse if filing jointly), or (c) any age if permanently and totally disabled.
  - iii. The child must have lived with you for more than half of the year.<sup>2</sup>
  - iv. The child must not have provided more than half of his or her own support for the year.
  - v. The child must not be filing a joint return for the year (unless that joint return is filed only to claim a refund of withheld income tax or estimated tax paid).
- b. A qualifying relative
  - i. The person can't be your qualifying child or the qualifying child of any other taxpayer.

ii. The person either (a) must be related to you in one of the ways listed under *Relatives who don't have to live with you*, or (b) must live with you all year as a member of your household<sup>2</sup> (and your relationship must not violate local law).

3. The person's gross income for the year must be less than **\$4,300.**

4. You must provide more than half of the person's total support for the year.

**3. When do you stop claiming your disabled child as a dependent on taxes? Does it depend upon age or the amount of support you provide?**

a. Age is not a factor when it comes to permanently and totally disabled. If the person meets the IRS definition of permanently and totally disabled. The disabled person must meet the same eligibility requirements as a qualifying child.

**4. Who can deduct medical and dental expenses from their taxes, and what documentation is required?**

a. You can generally include medical expenses you pay for yourself, as well as those you pay for someone who was your spouse or your dependent either when the services were provided or when you paid for them. There are special rules for decedents and for individuals who are the subject of multiple support agreements. This information is available in Publication 502 – Medical and Dental Expenses. As well as a listing of expenses that you can include. Not all medical expenses are deductible.

b. You should keep all bills for the medical services provided. As well as the receipts for payment you have made. You should not send that information with your tax return. You should keep the documents to be provided if the IRS requests them.

## **5. What is the Earned Income Tax Credit?**

- a. The earned income credit (EIC) is a tax credit for certain people who work and have earned income under \$56,844. A tax credit usually means more money in your pocket. It reduces the amount of tax you owe.