



Family Credits

Tax Year 2024

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This presentation is based on the facts and circumstances being discussed, and on the laws in effect when it is presented. It does not supersede or alter any provisions of Minnesota laws, administrative rules, court cases, or revenue notices.

Today's Agenda

- Child Tax Credit
- Advanced Child Tax Credit
- Working Family Credit
- Qualified Older Children Credit
- K-12 Credit and Subtraction
- Child and Dependent Care Credit
- Marriage Credit
- Credit for Parents of Stillborn Children



Child Tax Credit

- Available to full- and part-year residents
 - Not available to nonresidents
 - Must have at least one qualifying child
- Beginning 2024

- Greater of earned income or Adjusted Gross Income (AGI)
 - Less than \$36,880 for Married Filing Jointly (MFJ)
 - Less than \$31,090 all others
 - Phased out above thresholds
 - Indexed for inflation

- \$1,750 per child under 18
- No maximum number of children
- Combined with the Working Family Credit (WFC), then phased out
- Reduced by 12% of amount above income thresholds

Advance Payments

- Opt. in annually on Schedule M1CWFC
- File by April 15
- Must have at least one dependent under age 17
- Minimum Credit effective tax year 2025
- Must file a return for opt-in years
- Taxpayers will receive letter with payment amount



NEAR FINAL DRAFT 8/1/24



2024 Schedule M1CWFC, Minnesota Child and Working Family Credits

To claim this credit, you must be a full- or part-year resident of Minnesota. If you are a full-year nonresident, you are not eligible for this credit. Do not complete Schedule M1CWFC if you have a 2-year or 10-year IRS ban or are otherwise restricted from claiming the federal Earned Income Credit (EIC).

Your First Name and Initial Last Name Your Social Security Number

☐ Check this box if you are married filing separately and meet the exceptions in the instructions

Advance Payment of Child Tax Credit for 2025 (See Section 2)

Note: If you elect to receive advance payments of your 2025 child tax credit, you are required to file a 2025 income tax return, regardless of other filing requirements and you may have to repay your advance payment in certain situations. See instructions for more information.

☐ Check this box if you are electing to receive advance payment of your 2025 child tax credit (see instructions)

☐ This check box for future use.

Beginning tax year 2025:

- Must have received advanced payment
- A filing requirement will be created
- CTC and WFC must be greater than \$0 for current year
- Applies when Minimum Credit exceeds CWFC for current year

Minimum Credit Amount

- 50% of the child tax credit received prior taxable year

OR

- Fewer children, minimum credit based on number of children in current year

- 2024 Child Tax Credit \$1,750
- 2025 Minimum is \$875 if no change in qualifying children
- 2025 income rises, but does not reduce CTC and WFC to \$0
- Minimum Credit of \$875 if CTC and WFC between \$875 but not below \$0

If electing advanced payments, consider:

- Qualifying children turning 18
- Residency changes from full- to part-year
- Income changes substantially
- Taxpayers divorce or separate

Working Family Credit

- Those without children age 19 to 64
- One or more child
- Extra amount for children over 18
- Individual Taxpayer Identification Numbers (ITINs) and Adoption Taxpayer Identification Numbers (ATINs) now qualify

- Greater of earned income or AGI
 - Less than \$36,880 for Married Filing Joint (MFJ)
 - Less than \$31,090 all other filers
 - Phase out begins above these thresholds

Working Family Credit

4% of first \$9,220, then:

Children	Amount Increased By
1	\$970
2	\$2,210
3 or more	\$2,630

Combined with Child Tax Credit

- Then phased out
- Reduced by 12% of AGI or earned income
- Reduced by 9% if not eligible for the Child Tax Credit

Credit for Qualifying Older Children

Credit for Qualifying Older Children

- \$970 for one qualifying older child
- \$2,210 for two qualifying older children
- \$2,630 for three or more qualifying older children
- The credit phases out if income over \$31,090 or \$36,880 for MFJ

Who Does Not Qualify

Not eligible if any of these apply:

- Full-year nonresident
- IRS ban on claiming the Federal Earned Income Tax Credit (EITC)
- Another person's dependent or qualifying child
- Filing status is Married Filing Separately (MFS)

K-12 Credit and Subtraction

- Uses AGI
- Increased income limit from \$33,500 to \$70,000
- Phased out above \$73,760
- Indexed for inflation

K-12 Education Credit

Amount of Credit

- Maximum is \$1,500 per qualifying child

Credit Reduced By

- \$1 for each \$4 of AGI over \$70,000 for one child
- \$2 for each \$4 of AGI over \$70,000 for two or more qualifying children

Qualifying Expenses: Subtraction and Credit

- Fees and tuition for classes **outside** regular school day or year:
 - Taught by qualified instructor
 - Have clear educational purpose
- Individual instruction fees
- Performing arts instruction fees
- Instructor fees for driver's education course

Qualifying Expenses: Subtraction and Credit

- Materials required for normal school day
- Fees for transportation to and from school for instruction
- Computer hardware and educational software
 - Up to \$200 per family

Qualifying Expenses: Subtraction

Tuition for:

- Private school
- College or summer school courses for high school graduation requirements

Must have attended school in:

- Minnesota, Iowa, North Dakota, South Dakota, or Wisconsin

Non-Qualifying Expenses

- Materials purchased for outside normal school day
- Room and board
- Religious textbooks or instructor fees for religious teaching
- Non-academic programs
- School uniforms
- School lunches and snacks

Child and Dependent Care Credit

Child and Dependent Care

- 2024 income phaseout begins at \$62,410
- 2024 income limit for one qualifying child: \$74,410
- 2024 income limit for 2 or more qualifying children: \$86,410

Must have documentation showing expenses paid for either:

- Someone to care for their child or other qualifying person
- Someone for household services

- Generally, filing status is not Married Filing Separately (MFS)
- Qualifying person lived with them for more than half the year
- 2024 FAGI is less than \$74,410 with one qualifying person or \$86,410 with two or more qualifying persons
- May qualify if they:
 - Adopted a baby born during tax year
 - Are a licensed daycare operator

Married Filing Separately

- Lived apart from spouse during last 6 months of 2024
- Home was qualifying person's main home for more than half of 2024
- Paid more than half the cost of home up-keep for 2024

You may claim the credit if your child:

- Meets requirements of a qualifying person for federal credit
- Is not your dependent and you:
 - Were divorced
 - Were legally separated
 - Lived apart from your spouse during last six months of 2024

Generally, expenses may qualify if you paid for either:

- Care of their qualifying person
- Household services

May claim up to \$3,000 in qualifying expenses for one child or \$6,000 for two or more children.

Expenses Not Eligible

- Food
- Clothing
- Education
- Entertainment
- Payments made by another person or government agency

Marriage Credit

Marriage Credit

- Married and filing a joint return
- Both have taxable:
 - Earned income
 - Pensions
 - Social Security income
- Joint taxable income is at least \$47,000
- Income of lesser-earning spouse is at least \$30,000

Earned income taxable in Minnesota, including:

- Pensions
- Annuities
- Social Security
- IRA distributions

Income Not Eligible

- Voluntary salary reductions, including those taken under a cafeteria plan
- Railroad Retirement Board benefits
- Rental income
- Taxable scholarship or fellowship grants not reported on Form W-2

Income Not Eligible

- Welfare benefits or workfare payments
- Workers' compensation
- Veteran benefits, including Veterans Affairs rehabilitation payments
- Earnings for work performed while an inmate at a penal institution

Credit for Parent of Stillborn Children

Credit for Parent of Stillborn Children

Refundable credit of \$2,000

To qualify, all of these must be true:

- Experienced stillbirth of a child in Minnesota during tax year
- The Minnesota Department of Health issued a Certificate of Birth Resulting in Stillbirth for child
- Would have been eligible to claim the child as a dependent

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Monday through Friday, 8 a.m. to 4:30 p.m.



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Thank You!

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