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Department of the Treasury
Internal Revenue Service

Publication 972

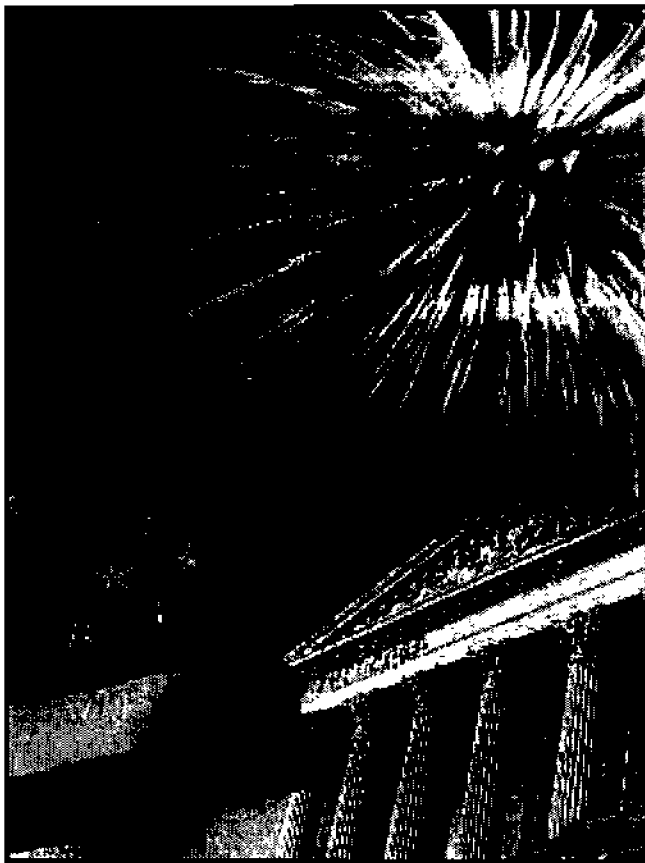
Cat. No. 26584R — OMB No. 1545-0074

Child Tax Credit

For use in preparing

2006 Returns

DRAFT



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Reminder

Photographs of missing children. The Internal Revenue Service is a proud partner with the National Center for Missing and Exploited Children. Photographs of missing children selected by the Center may appear in this publication on pages that would otherwise be blank. You can help bring these children home by looking at the photographs and calling 1-800-THE-LOST (1-800-843-5678) if you recognize a child.

Introduction

The purpose of this publication is:

1. To figure the child tax credit you claim on Form 1040, line 53; Form 1040A, line 33; or Form 1040NR, line 48; and
2. To figure the amount of earned income you enter on line 4a of Form 8812, Additional Child Tax Credit.

This publication is intended primarily for individuals sent here by the instructions to Forms 1040, 1040A, 1040NR and 8812. Even if you were not sent here by the instructions to one of the forms, you can still choose to use this publication to figure your credit. However, most individuals can use the simpler worksheet in their tax form instructions.

This publication includes a detailed example of a taxpayer who figures the child tax credit and the additional child tax credit.

If you were sent here from your Form 1040, Form 1040A, or Form 1040NR instructions. Go to page 4 of this publication and complete the Child Tax Credit Worksheet.

If you were sent here from your Form 8812 instructions. Go to page 8 of this publication and complete the 1040 and 1040NR Filers – Earned Income Worksheet.

If you have not read your Form 1040, Form 1040A, or Form 1040NR instructions. Read the explanation of who must use this publication next. If you find that you are not required to use this publication to figure your child tax credit, you can use the simpler worksheet in the Form 1040, Form 1040A, or Form 1040NR instructions to figure your credit.

Who must use this publication. If you answer "Yes" to any of the following questions, you must use this publication to figure your child tax credit.

1. Are you excluding income from Puerto Rico or are you filing any of the following forms?
 - a. Form 2555 or 2555-EZ (relating to foreign earned income).
 - b. Form 4563 (exclusion of income for residents of American Samoa).

Before you begin, figure the amount of any retirement savings contributions credit you are claiming on Form 1040, line 53, Form 1040A, line 33, or Form 1040NR, line 48.

Child Tax Credit Worksheet

Keep for Your Records



- To be a qualifying child for the child tax credit, the child must be **under age 17** at the end of 2007 and meet the other requirements listed on page 2.
- ~~If you are claiming the mortgage interest credit or the District of Columbia first-time homebuyer credit, complete the applicable credit form before you start this worksheet.~~



Part 1

1. Number of qualifying children: _____ × \$1,000. Enter the result. **1**

2. Enter the amount from Form 1040, line 38; Form 1040A, line 22; or Form 1040NR, line 36. **2**

3. **1040 Filers.** Enter the total of any—
 • Exclusion of income from Puerto Rico, and
 • Amounts from Form 2555, lines 45 and 50; Form 2555-EZ, line 18; and Form 4563, line 15.
1040A and 1040NR Filers. Enter -0-.

3

4. Add lines 2 and 3. Enter the total. **4**

5. Enter the amount shown below for your filing status.
 • Married filing jointly - \$110,000
 • Single, head of household, or qualifying widow(er) - \$75,000
 • Married filing separately - \$55,000

5

6. Is the amount on line 4 more than the amount on line 5?
 No. Leave line 6 blank. Enter -0- on line 7.
 Yes. Subtract line 5 from line 4.
 If the result is not a multiple of \$1,000, increase it to the next multiple of \$1,000.
 For example, increase \$425 to \$1,000, increase \$1,025 to \$2,000, etc.

6

7. Multiply the amount on line 6 by 5% (.05). Enter the result. **7**

8. Is the amount on line 1 more than the amount on line 7?
 No. You cannot take the child tax credit on Form 1040, line 52; Form 1040A, line 32; or Form 1040NR, line 47. You also cannot take the additional child tax credit on Form 1040, line 68; Form 1040A, line 41; or Form 1040NR, line 62. Complete the rest of your Form 1040, 1040A, or Form 1040NR.
 Yes. Subtract line 7 from line 1. Enter the result. **8**
Go to Part 2 on the next page.

Part 2

9. Enter the amount from Form 1040, line 46, Form 1040A, line 28, or Form 1040NR, line 43.

9	
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10. Add the amounts from—

Form 1040 or Form 1040A or Form 1040NR

Line 47	Line 29	Line 44	
Line 48	Line 30	+
Line 49	Line 31	+
Line 50*	Line 45*	+
Line 51	Line 46	+
Line 53	Line 34*	Line 49*	+
		Line 48	+
		Line 33	+
		Enter the total.	
			10

*Include only the amount, if any, from Form 8396, line 13, and Form 8859, line 13.

Form 5695, line 15

11. Are you claiming any of the following credits?

- Retirement savings contribution credit, Form 8880
- Adoption credit, Form 8839

Residential energy efficient property credit, Form 5695, Part II

- No.** Enter the amount from line 10.
- Yes.** Complete the Line 11 Worksheet on the next page to figure the amount to enter here.

11	
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12. Subtract line 11 from line 9. Enter the result.

12	
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13. Is the amount on line 8 of this worksheet more than the amount on line 12?

- No.** Enter the amount from line 8.
- Yes.** Enter the amount from line 12. See the **TIP** below.
- } **This is your child tax credit.**

13	
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Enter this amount on
 Form 1040, line 52,
 Form 1040A, line 52,
 or Form 1040NR, line
 47

- Mortgage interest credit, Form 8396
- District of Columbia first-time homebuyer credit, Form 8859



You may be able to take the **additional child tax credit** on Form 1040, line 68; Form 1040A, line 41; or Form 1040NR, line 62 only if you answered "Yes" on line 13.

- First, complete your Form 1040 through line 67, Form 1040A through line 40a, or Form 1040NR through line 61.
- Then, use Form 8812 to figure any additional child tax credit.

- Mortgage interest credit, Form 8396
- District of Columbia first-time homebuyer credit, Form 8859

Line 11 Worksheet—Continued from page 6

Keep for Your Records

10. Subtract line 9 from line 8. If the result is zero or less, enter -0-.
Go to line 11. 10

11. Enter the **larger** of line 4 or line 10. 11

12. Is the amount on line 11 of this worksheet more than the amount on line 1?
 No. Subtract line 11 from line 1. Enter the result.
 Yes. Enter -0-. 12

Next, figure the amount of any of the following credits that you are claiming. Use the amount from line 12 above when you are asked to enter the amount from Form 1040, line 52; Form 1040A, line 32; or Form 1040NR, line 47.

- ~~Retirement savings contribution credit, Form 8880.~~
- Adoption credit, Form 8839

Residential energy efficient property credit, Form 5695, Part II

Then, go to line 13.

13. Enter the total of the amounts from—

- ~~Form 8880, line 14, and~~ Form 5695, line 33, and
- Form 8839, line 13, , and

13

- Form 8396, line 11, and
- Form 8859, line 11.

14. Enter the amount from line 10 of the Child Tax Credit Worksheet on page 5. 14

15. Add lines 13 and 14. Enter the total. 15

Enter this amount on line 11 of the Child Tax Credit Worksheet on page 5.

1040 filers. Complete lines 59, 66a, and 67 of your return if they apply to you.

1040A filers. Complete line 40a of your return if it applies to you. If you, or your spouse if filing jointly, had more than one employer for 2007 and total wages of over \$97,500, figure any excess social security and railroad retirement (RRTA) taxes withheld. See the instructions for Form 1040A, line 42.

1040NR filers. Complete lines 54 and 61 of your return if they apply to you.

Railroad employees. Include the following taxes in the total on line 6 of the Line 11 Worksheet.

- ✓ Tier 1 tax withheld from your pay. This tax should be shown in box 14 of your Form(s) W-2 and identified as "Tier 1 tax."
- ✓ If you were an employee representative, 50% of the total Tier 1 tax and Tier 1 Medicare tax you paid for 2007.

Before you begin: ✓ Complete the Earned Income Worksheet on page 8 or 9 that applies to you.



Use this worksheet only if you answered "Yes" on line 11 of the Child Tax Credit Worksheet on page 5.

1. Enter the amount from line 8 of the Child Tax Credit Worksheet on page 4.	1	
2. Enter your earned income from the worksheet on page 8 or 9 that applies to you.	2	
3. Is the amount on line 2 more than \$11,750? <input type="checkbox"/> No. Leave line 3 blank, enter -0- on line 4, and go to line 5. <input type="checkbox"/> Yes. Subtract \$11,750 from the amount on line 2. Enter the result.	3	
4. Multiply the amount on line 3 by 15% (.15) and enter the result.	4	
5. Is the amount on line 1 of the Child Tax Credit Worksheet on page 4 \$3,000 or more? <input type="checkbox"/> No. If line 4 above is zero, stop. Do not complete the rest of this worksheet. Instead, go back to the Child Tax Credit Worksheet on page 5 and do the following. Enter the amount from line 10 on line 11 and complete lines 12 and 13. If line 4 above is more than zero, leave lines 6 through 9 blank, enter -0- on line 10, and go to line 11 on the next page. <input type="checkbox"/> Yes. If line 4 above is equal to or more than line 1 above, leave lines 6 through 9 blank, enter -0- on line 10, and go to line 11 on the next page. Otherwise, see <i>1040 filers</i> , <i>1040A filers</i> , and <i>1040NR filers</i> on page 7 and then go to line 6.		
6. Enter the total of the following amounts from Form(s) W-2: • Social security taxes from box 4, and • Medicare taxes from box 6. Railroad employees, see the bottom of page 7.	6	
7. 1040 filers. Enter the total of any— • Amounts from Form 1040, lines 27 and 59, and • Uncollected social security and Medicare or tier 1 RRTA taxes shown in box 12 of your Form(s) W-2 with codes A, B, M, and N. 1040A filers. Enter -0-. 1040NR filers. Enter the total of any • Amount from Form 1040NR, line 54, and • Uncollected social security and Medicare or tier 1 RRTA taxes shown in box 12 of your Form(s) W-2 with codes A, B, M, and N.	7	
8. Add lines 6 and 7. Enter the total.	8	
9. 1040 filers. Enter the total of the amounts from Form 1040, lines 66a and 67. 1040A filers. Enter the total of any • Amount from Form 1040A, line 40a, and • Excess social security and tier 1 RRTA taxes withheld that you entered to the left of Form 1040A, line 42. 1040NR filers. Enter the amount from Form 1040NR, line 61.	9	

If married filing jointly, include your spouse's amounts with yours when completing lines 6 and 7.