

2020 TAX CREDIT

As tax preparers we are required to provide additional information to the IRS if you are claiming any of the following credits. If you feel you may qualify for any of these, please be ready to answer additional questions and provide documents to prove you qualify.

CTC Child Tax Credit (up to \$2,000)

You can take full advantage of the credit if your modified adjusted gross income is under \$200,000 (Sgl) \$400,000 (MFJ)

Requirement: The child must be under age 17. You must have provided at least half of the child's support and the child must have lived with you for at least half the year (exceptions to this rule. Ie; temporary absences) Children must have a SSN and must be claimed as a dependent

To prove, please provide: Document with child's name & your address; (school records, medical records, court records)

ODC Other Dependent Tax Credit (\$500)

You can take full advantage of the credit if your modified adjusted gross income is under \$200,000 (Sgl) \$400,000 (MFJ)

Requirement: Children age 17 or over, including college students, children with ITINs, or other relatives in your household. They must have lived with you the entire year and cannot have gross income of more than \$4,200. (exception for qualifying parents)

To prove, please provide: Document with dependents name & your address; (exception: parent)

HOH Head of Household status.

To claim HOH status:

- You must be unmarried or considered unmarried
- You must file a separate return from your spouse.
- You must have provided more than half the cost of maintaining your home for the tax year.
- The home must have been the principal place of abode for you and your dependent child, or eligible foster for more than half the tax year. This will include a child who would be your dependent except that the exemption was released to the noncustodial parent.
- Your spouse must not have lived in the home at any time during the last six months of the tax year. This does not include temporary living away (job assignment, military deployment, temporary incarceration).

To prove, please provide:

Marital Status: Divorce decree, or separation agreement.

Qualifying person: Document with child's name and your address; such as school records, medical records, court records.

Cost of keeping up a home: Rent/mortgage receipts, utility bills, property tax bills, upkeep & repair bills or grocery receipts.

EIC Earned Income Tax Credit (up to \$6,660)

You may qualify for the credit if your income is between \$15,820 – \$50,954 (Sgl); \$21,710 – \$56,844 (MFJ) and you have a qualifying child with investment income is less than \$3,600

- The child must have lived with you for more than ½ the year,
- Be related to you
- Be under age 19 or 24 if a student, or any age if disabled.

To prove, please provide:

Lived with you - Document with dependents name and your address; (school records, medical records, court records)

Related to you - Birth certificate, or other legal document providing how you are related.

Age - Birth certificate

AOTC American Opportunity Tax Credit (up to \$2500)

The American opportunity tax credit (AOTC) is a credit for qualified education expenses paid for an eligible student for the **first four years** of higher education.

You can get a maximum annual credit of \$2,500 per eligible student. If the credit brings the amount of tax you owe to zero, you can have 40 percent of any remaining amount of the credit (up to \$1,000) refunded to you.

The amount of the credit is 100 percent of the first \$2,000 of qualified education expenses you paid for each eligible student and 25 percent of the next \$2,000 of qualified education expenses you paid for that student. But, if the credit pays your tax down to zero, you can have 40 percent of the remaining amount of the credit (up to \$1,000) refunded to you.

Students will receive a [Form 1098-T](#) Tuition Statement, from their school by January 31.

Please provide a 1098T and answer the questions below in order to claim the credit

COLLEGE STUDENT INFORMATION

Name of student _____

1. ____ Did the student complete the first 4 years of college as of 1/1/2020?
2. ____ Was the student enrolled at an eligible education institution during 2020?
3. ____ Was the student enrolled in a program that leads to a degree, certificate or credential?
4. ____ Was the student taking courses as part of a postsecondary degree program or improve job skills?
5. ____ Did the student take at least ½ the normal full-time workload for one academic period?
6. ____ Has the student ever been convicted of a felony?
7. ____ Is the student an eligible dependent of the taxpayer?
8. ____ How many prior years has an American Opportunity Credit been claimed for this student?
9. ____ How many prior years has a Hope Credit been claimed for this student?

There may be additional rules & regulations that may affect your ability to qualify. Your tax preparer can discuss these with you.