



NEW YORK STATE SENATOR

Thomas P. Morahan

Family-Friendly Tax Credits Can Lower Tax Bills and Increase Refunds

THOMAS P. MORAHAN April 6, 2010

| ISSUE: **TAXES**

During these especially difficult economic times, working families in the lower Hudson Valley should be aware of how to claim money that rightfully belongs to them. Below is information about the most popular tax credits available to New York State families.

Earned Income Tax Credit

This refundable credit is available to working families with incomes up to \$43,279 (\$48,279 for married taxpayers filing jointly), depending on the number of children in the household. Taxpayers with no dependent children can earn no more than \$13,440 (\$18,440 for married taxpayers filing jointly). Recent changes have increased the amount of the credit and expanded eligibility. You must file form IT-215 to claim the credit. Publication 310-NY contains more information on the program.

Child and Dependent Care Credit

Working parents who pay for child care may be able to claim some of those expenses as a credit on their federal and state tax returns. The credit equals 110 percent of the federal child care credit for taxpayers with incomes under \$25,000. Percentages ranging from 110 percent down to 20 percent apply for those whose incomes range from \$25,000 to \$65,000. Taxpayers

with incomes over \$65,000 receive a credit equal to 20 percent of the federal credit. Parents must first qualify for the federal credit before claiming the refundable state credit. See form IT-216 for more information.

Empire State Child Credit

Resident taxpayers may also claim a refundable credit equal to the greater of \$100 times the number of children ages 4-16 who qualify for the federal child credit or 33 percent of the allowed federal child credit for children ages 4-16. Recent changes in the federal credit mean that many lower-income taxpayers will receive a larger credit for the 2009 tax year. See form IT-213 for more information.

College Tuition Credit/Itemized Deduction

If you, your spouse, or your dependent(s) were a student at an institution of higher education, you may be entitled for the refundable college tuition credit. The credit is up to \$400 per eligible student and available to full-year New York State residents. Alternatively, you may claim a college tuition itemized deduction which is available to non-resident and part-year residents. For further information see form IT-272 or reference Publication 10-W FAQs: New York State College Tuition Credit and Itemized Deduction.

Household Credit

If you are married, head of household or a qualifying widow or widower with a dependent child, your income is \$32,000 or less and you can't be claimed as a dependent on another person's federal return, you can qualify for a Household Credit of up to \$75, plus up to \$15 for each exemption on your federal return. Single filers with incomes up to \$28,000 also can qualify. Apply for this credit directly on your tax return.

You can learn more by requesting free publications from the Tax Department by calling toll-free (800) 462-8100. Ask for Publication 99-IND, General Information On New York State City

Income Tax Credits For Individuals.

Publications and forms also are available by calling the Tax Department's Fax-on-Demand line. To access the system, call (800) 748-3676.

Forms and publications also are available by visiting the Tax Department's web site at www.nystax.gov or by calling the Department's Call Center at 1-800-225-5829.