

# What the NJ Child Tax Credit Means For You

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# Background

- **NJ Policy Perspective**
  - Think tank focused on economic, racial and social equity
  - Specialists in NJ state budget
  - Cover wide range of topics
  - Accomplishments:
    - Minimum wage increase
    - Millionaire's tax
    - Driver's licenses for undocumented residents

# Goals for Today

- Understand how the NJ Child Tax Credit will work
- Know what resources exist to help you file federal and state tax returns for 2022
- Provide feedback on tax credits and outreach to families

# What is the NJ Child Tax Credit?

# Federal Child Tax Credit

- Expanded during pandemic
  - Monthly payments of \$300 to families during 2021
- Now back to pre-pandemic credit
  - \$2,000 per child
  - 400k NJ families miss out on full credit

# State Child Tax Credit

- Created in 2022
- Tax filers filing this year will be eligible
- \$500 per child aged 0-5
- Income under \$80,000
- Included in annual tax refund after tax filing

# How much is the credit?

<b>If the taxable income is:</b>	<b>The credit per child is:</b>
\$30,000 or less	\$500
Over \$30,000 but not over \$40,000	\$400
Over \$40,000 but not over \$50,000	\$300
Over \$50,000 but not over \$60,000	\$200
Over \$60,000 but not over \$80,000	\$100

# Who is eligible?

- New Jersey resident for either all or part of Tax Year 2022;
- Valid Social Security number or **Individual Tax Identification Number**;
- You must be allowed to claim the child as a deduction for the tax year for federal income tax purposes;
- The child must be age 5 or younger by the end of the tax year;
- You must have taxable income of \$80,000 or less;
- You cannot have a filing status of married filing separately. You must file as:
  - **Single**;
  - **Married/civil union couple filing joint**;
  - **Head of household**; or
  - **Qualifying widow(er)/surviving civil union partner**.



# How to claim

- Prepare your 2022 NJ tax return
- Include your number of dependents in the Child Tax Credit line
- File your return.
- That's it!

# Resource for filing

# Obstacles to filing

- Taxes are confusing!
- Many are below the income threshold (\$10k/20k for single/married)
- Mistrust and fear of government (esp for immigrants)
- Concerns about prior tax obligations
- Concerns about informal cash income

# Resources

- Free volunteer tax prep locator:  
<https://irs.treasury.gov/freetaxprep/>
  - NJ Citizen Action
  - United Way
- If you earn less than \$73,000 you are eligible for free tax prep
  - <https://www.irs.gov/filing/free-file-do-your-federal-taxes-for-free>

# Why file?

- \$\$ in tax credits
  - Earned Income Tax Credit
  - Child Tax Credit
  - ANCHOR program for property taxes  
(<https://www.state.nj.us/treasury/taxation/anchor/index.shtml>)
- Completed tax return helpful in other income verification

**QUESTIONS/FEEDBACK?**

**NEW JERSEY**   
**POLICY PERSPECTIVE** 

# Contact

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