

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

- \$1000 maximum per child for Tax Year 2023
- Income under \$80,000
- Included in annual tax refund after tax filing
- Created in 2022 based on NJPP report

How much is the credit?

If the taxable income is:	The credit per child is:
\$30,000 or less	\$1,000
Over \$30,000 but not over \$40,000	\$800
Over \$40,000 but not over \$50,000	\$600
Over \$50,000 but not over \$60,000	\$400
Over \$60,000 but not over \$80,000	\$200

Who is eligible?

- New Jersey resident for either all or part of Tax Year 2023;
- 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 2023 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 \$79,000 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?

Contact

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