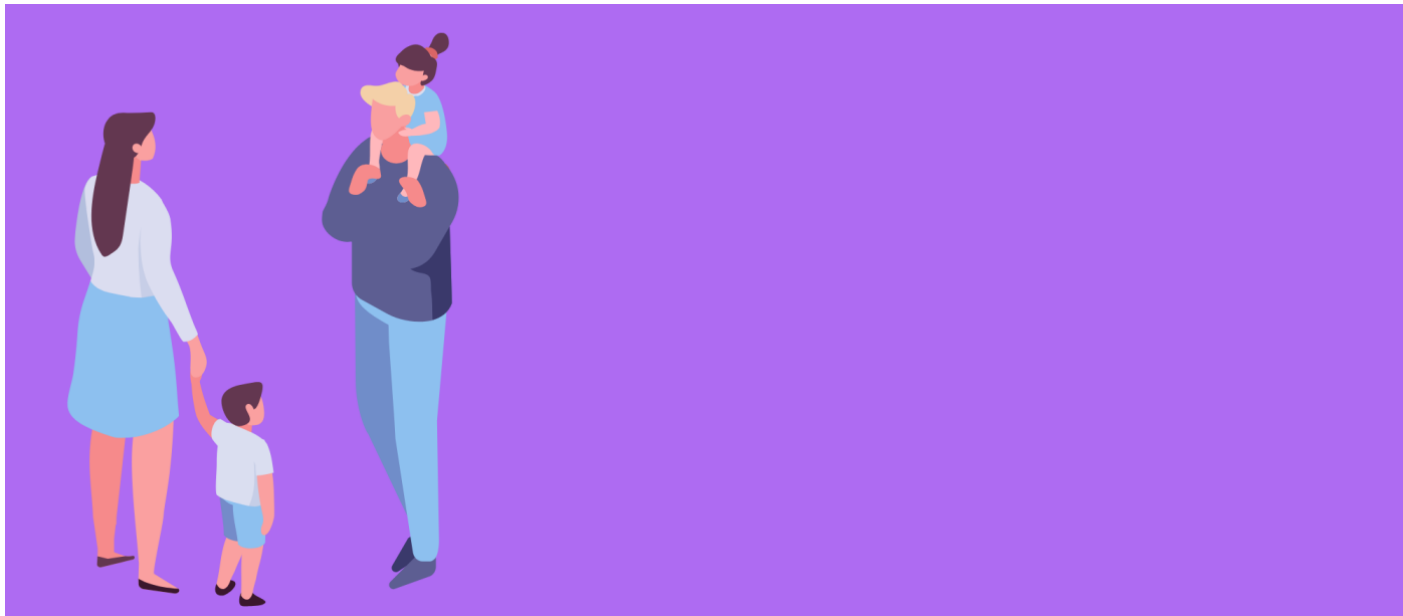


Tax Policy 101: State Child Tax Credit

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Written by: Jenna Williams



What is the State Child Tax Credit?

Utah's Child Tax Credit (CTC) allows eligible families to claim up to an additional \$1,000 per qualifying child each year on their state taxes. Whether a parent stays home or both parents work, this tax credit can provide much-needed financial support. The credit will be available starting in 2025 when families file their 2024 taxes.

Who is Eligible for this Credit?

- **Child Age Requirement:** To qualify for this credit, a child must be between one and three years old on the last day of the claimant's tax year. This means that a child between the ages of one and three in 2024 will be eligible when a family files taxes in 2025. Children below age one are not eligible for the child tax credit.
- **Income Requirements:** Families with an income up to \$54,000 for a couple or up to \$43,000 for a family with a single parent (also called Head of Household) can claim the credit.

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- **Reduced Credit for Higher Incomes:** If a family surpasses the income threshold, they may still qualify for a reduced tax credit. The credit gradually reduces as household income increases.
- **Non-Refundable Credit:** Because the credit isn't [refundable](#), it can only reduce the amount of income taxes a family owes. Utah's CTC doesn't help families who don't owe any state income taxes during tax season. Each family's tax liability varies each year. However, on average, a family with one adult and one child will not owe any income taxes until their annual income exceeds \$37,000. Therefore, families earning less than this amount will not benefit from the credit.

How Does this Credit Help Families?

Like the [federal Child Tax Credit](#), a state-level child tax credit helps families offset the costs associated with raising children. During the pandemic, the federal CTC was temporarily expanded and made refundable, granting families \$300 per month per qualifying child under six and \$250 per child aged six to seventeen – providing significant tax relief for working families. This federal expansion had a far-reaching impact, reducing child poverty to its lowest recorded level in 2021, from 9.7% in 2020 to [5.2%](#) in 2021. Unfortunately, child poverty returned to 12.4% a year after the expansion ended. In Utah, the federal CTC expansion helped lift [32,000](#) children from poverty.

How Many Utah Families Benefit from the State Child Tax Credit?

According to an analysis from the Institute on Taxation and Economic Policy, 1.4% of households and 4.3% of children in Utah will benefit from the State CTC. Because the credit isn't refundable, no eligible families will receive the full \$1,000 credit. On average, eligible families can expect to save around \$400 annually in taxes.

Recent State Child Tax Credit Expansion

To qualify for this credit currently, a child must be between one and three years old in the 2024 tax year, to be claimed in 2025 on one's 2024 tax return. Recent [legislative action](#) expanded the credit to cover children aged one through four starting in 2026 for filers filing their 2025 taxes. This expansion will extend benefits to more families,

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making 1.8% of families and 5.4% of children eligible for the tax credit. There is a [2025 legislative proposal](#) to expand the child tax credit again.

[Utah's Proposal Child Tax Credit](#)

[How to Strengthen Utah's State Child Tax Credit](#)

[Cross-State Solutions to Strengthen Utah's Child Tax Credit](#)