

Child Tax Credit



What is a Child Tax Credit?

A child tax credit (CTC) is a government benefit that helps families afford the cost of raising children. It works by reducing the amount of income taxes a family owes. Whether one parent stays home or both work, the CTC can offer valuable financial relief.

There are two types of Child Tax Credits that Utah families may qualify for: one at the state level, and one through the federal government.

Federal Child Tax Credit

At the federal level, families can claim up to \$2,000 per qualifying child.

Eligibility is determined by:

- **Child Age Requirement:** The child must be under age 17 at the end of the tax year and have lived with the taxpayer for more than half the tax year.
- **Income Requirements:** The credit is available to families with incomes up to

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\$400,000 for a couple or up to \$200,000 for a family with a single parent (also called Head of Household). Families above those income thresholds may still qualify for a reduced credit.

- **Documentation:** Each child claimed must have a valid Social Security Number and the taxpayer (parent or guardian) can have either an SSN or an Individual Taxpayer Identification Number. The child must be a U.S. citizen, U.S. national, or U.S. resident alien.
- **Refundable Credit:** The federal CTC is partially refundable—up to \$1,700 of the credit may be refunded if a family owes less than the credit. Families must earn at least \$2,500 to access the refundable portion. Unlike Utah's credit, lower-income families may still benefit, even if they owe little or no federal income tax.

Utah State Child Tax Credit

Utah's CTC allows eligible families to claim up to an additional \$1,000 per qualifying child each year on their state taxes.

Eligibility is determined by:

- **Federal CTC:** The family must be eligible for the federal CTC.
- **Child Age Requirement:** The child must be between ages 1-3 at the end of the tax year. Recent legislative action in [2024](#) and [2025](#) expands this to include children under age 6 starting with the 2025 tax year (filed in 2026).
- **Income Requirements:** The credit is available to families with incomes up to \$54,000 for a couple or up to \$43,000 for a family with a single parent (also called Head of Household). Families above those income thresholds may still qualify for a reduced credit.
- **Non-Refundable Credit:** Utah's credit is non-refundable, meaning, it can only reduce the amount of income taxes a family owes. Each family's tax liability varies each year. But on average, families don't owe state income tax until their income is above \$37,000 for a single parent with one child. This means lower-income families often receive no benefit from the Utah CTC.

The federal government also has a [Child and Dependent Care Credit](#) for families who pay for child care in order to work. This credit helps offset care costs and is available in addition to the CTC.

How Does the Child Tax Credit Help Families?

The Child Tax Credit provides more than just a tax break—it's an investment in child well-being and family economic stability. During the pandemic, the federal Child Tax Credit was temporarily expanded to be fully refundable, and reached more low- and moderate-income families. The impact was historic:

- Child poverty dropped by 46%, from 9.7% in 2020 to [5.2%](#) in 2021—the lowest on record. Unfortunately, a year after the expansion ended, child poverty returned to [12.4%](#).
- In Utah, the federal CTC expansion helped lift [32,000](#) children from poverty.

But after the expansion expired, child poverty rose back to 12.4% nationally—highlighting the CTC's critical role.

How Many Utah Families Benefit?

According to an analysis by the Institute on Taxation and Economic Policy, 3% of families and 9.2% (93,300) of children can benefit from the state child tax credit.

Because the credit isn't refundable, no family can receive the full \$1,000 credit. On average, eligible families can expect to save around \$585 annually in taxes.

For the federal Child Tax Credit, approximately 360,000 families and 83% of children benefit.

[Policy Basics: The Child Tax Credit](#) (Center on Budget and Policy Priorities)

[Blog: Utah's State Child Tax Credit](#) (Voices for Utah Children)

[Blog: How to Strengthen Utah's State Child Tax Credit](#) (Voices for Utah Children)

[Blog: Cross-State Solutions to Strengthen Utah's Child Tax Credit](#) (United Way Salt Lake)

[Expanding the Child Tax Credit is the Best Way to Give Utah's Families Relief from](#)

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[Rising Costs](#) (Economic Security Project Action)