

# Child Tax Credit

## Supporting Working Families



The Child Tax Credit (CTC) is a federal tax credit for working families with children under 17 that is worth up to \$2,000 per child. It is a refundable credit, so families receive a bigger refund if the credit amount is bigger than their tax liability.

### Money Matters: The important impact of the child tax credit

Researchers are finding that young children (0-5) are particularly sensitive to their environments. Poverty early in a child's life has far reaching effects on their educational achievement, long-term health, and lifetime earnings. But small boosts in income, like those provided by the child tax credit, provide big bang for the buck.

**264,000**

**CO working families received the CTC in 2018.**



**Higher Academic Achievement:** Studies find that young kids, who receive **as little as \$800 to \$1,000 increase in annual income** do better in school, testing higher on IQ-type scale and standardized tests.



**College:** A 2011 Harvard & Colombia study, found that **raising family income by \$1,000** through tax credits like the EITC and CTC, raised student test scores and in turn increased students' probability of going to college, earning more wages as adults, reducing teenage birth rates and improving the quality of the neighborhood in which those students live as adults.



**Healthier Families:** During the last 20 years, research has revealed that while family income and education, neighborhood characteristics, and other social and economic conditions affect health at every stage of life, their effects on young children are particularly dramatic.



**Lifetime Earnings:** Adding just **\$3,000 in tax credit income** to the budget of a working family with a child under the age of 6, leads that child to **work 135 hours more per year** as an adult and **earn 17% more** than a child whose family didn't receive that income boost.

## Colorado Child Tax Credit

In 2013, CO created a **state level refundable CTC** based on the federal credit, that is available to families with children 5 and under.\*\*

Single Filers		Joint Filers	
Income	Percentage of federal credit	Income	Percentage of federal credit
\$0 - \$25,000	30%	\$0 - \$35,000	30%
\$25,000- \$50,000	15%	\$35,000- \$60,000	15%
\$50,000- \$75,000	5%	\$60,000- \$85,000	5%

Source: <https://www.cbpp.org/research/federal-tax/chart-book-the-earned-income-tax-credit-and-child-tax-credit#PartTwo>

\*\* the state CTC has not been available to recipients since it's passage, as it has never been funded