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### [Some Last-Minute TAX CREDITS for 2010 Tax Filing](#)

Monday, April 4, 2011 by [Doron F. Eghbali](#)

Filing taxes could be deservedly daunting as we all strive to painstakingly collect all our data and reflect them accurately on our 2010 tax returns, if we have not already done so. Accordingly, taxpayer should be mindful of venerable TAX CREDITS to legally and ethically slash our taxes dollar for dollar, if possible. Let us further educate ourselves about such important subject, to some extent.

#### **APRIL 18, 2011 DEADLINE *NOT* APRIL 15, 2011**

Unlike most years, this year, the due date for filing taxes is April 18, 2011 and not April 15, 2011. This is because a District of Columbia holiday coincides with April 15, 2011.

#### **SOME BACKGROUND ON CREDITS**

There are two types of [credits](#): refundable and non-refundable.

##### **1. NON-REFUNDABLE TAX CREDITS**

Non-Refundable tax credits - similar to refundable tax credits - would slash taxable income dollar for dollar. However, the drawback for non-refundable tax credits would be, since it is non-refundable, if we do not have tax liability, we will lose it.

##### **2. REFUNDABLE TAX CREDITS**

Refundable tax credits would be the best of two worlds. You have not paid anything towards taxes, yet you receive money. Such nature of refundable tax credits make them increasingly susceptible to fraud, unfortunately.



## ***SOME* RELATIVELY USEFUL CREDITS**

### **1. EARNED INCOME TAX CREDIT (REFUNDABLE)**

Earned Income Tax Credit (EITC) is a way for low-wage people to put some money back into their pockets, if possible. To become eligible for EITC, the person claiming it, **MUST** meet the following criteria, **AMONG OTHER THINGS**:

- **MUST** have a valid Social Security Number
- **MUST** have earned income from a business or self employment
- **MUST** be a US citizen or resident alien all year, or a nonresident but married to resident alien or US citizen, filing jointly.
- **CANNOT** be a qualifying child of another person.
- **CANNOT** have income from investment of more than \$3,100.
- **CANNOT** be married, filing separately.

### **CAVEAT**

This list is **TRUNCATED** and **NOT EXHAUSTIVE** at all.

### **2. CHILD CREDITS**

#### **A. CHILD TAX CREDIT**

Child tax credit could be worth up to \$1,000 per qualifying child. The question is who considers qualifying child.

**SOME** of the criteria to be met for such qualification include **BUT NOT** limited to:

- To Qualify, the child **MUST HAVE BEEN** under age 17 at the end of 2010.
- To Qualify, the child **MUST BE YOURS** or **LEGALLY ADOPTED**.
- To Qualify, the child **MUST NOT HAVE** provided more than half of their own **SUPPORT**.
- To Qualify, the child **MUST HAVE BEEN** reported **DEPENDENT** on your federal tax return.
- To Qualify, the child **MUST BE** a US Citizen, Legal Resident Alien or US National.
- To Qualify, the child **MUST HAVE LIVED** with you more than half of 2010, generally.

#### **B. CHILD AND DEPENDENT CARE CREDIT**

Such tax credits range from \$600 to \$1,050 per child **UP TO** two children. To qualify for \$1,050, the parents must have earned \$15,000 or less. In addition, to qualify for such tax credit, usually, both parents **MUST**, usually, work.



## CAVEAT

This is a very LIMITED description of such tax credit.

### 3. EDUCATION CREDITS

#### A. AMERICAN OPPORTUNITY CREDIT (REFUNDABLE)

The full credit of UP TO \$2,500 is available, FOR 40% of tuition and fees, to individuals whose MODIFIED adjusted gross income is \$80,000 or less or married couples filing jointly with MODIFIED adjusted gross income of \$160,000 or less. The tax credit covers cost of books, supplies, and course-related equipment. This tax credit is available ONLY for undergrad and not for GRAD school. Nonetheless, one can take advantage of such tax credit for the four years of college.

The best aspect of such tax credit is even if there are no such expenses, \$1,000 of the tax credit is refundable.

#### B. LIFETIME LEARNING CREDIT (NON-REFUNDABLE)

As the name signifies, this tax credit covers more than four years of college and could be used for graduate school or even learning job skills. The amount is up to \$2,000 and can be used only for tuition and fees.

## DISCLAIMER

This article in no way supplants specific facts and circumstances of a case and in no way provides an exhaustive description, delineation, or articulation of such rather salient subject.

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