



Department of the Treasury
Internal Revenue Service

Publication 972

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Child Tax Credit

For use in preparing

2003 Returns



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Important Changes

Child tax credit increased. For 2003, the maximum child tax credit is increased to \$1,000 for each qualifying child. But you must reduce your credit by any advance payment you received in 2003.

Advance payment of child tax credit. Advance payments of the increase in the child tax credit were made to some individuals in 2003. If you received an advance payment, you will need to reduce the credit you can claim on your return by the advance payment you already received. For details, see *Advance Child Tax Credit Payment* on page 3.

Important Reminder

Photographs of missing children. The Internal Revenue Service is a proud partner with the National Center for Missing and Exploited Children. Photographs of missing children selected by the Center may appear in this publication on pages that would otherwise be blank. You can help bring these children home by looking at the photographs and calling **1-800-THE-LOST (1-800-843-5678)** if you recognize a child.

Introduction

The purpose of this publication is:

- 1) To figure the child tax credit you claim on Form 1040, line 49, or Form 1040A, line 33, and
- 2) To figure the amount of taxable earned income you enter on line 4 of Form 8812, *Additional Child Tax Credit*.

This publication is intended primarily for individuals sent here by the instructions to Forms 1040, 1040A, and 8812. Even if you were not sent here by the instructions to one of the forms, you can still choose to use this publication to figure your credit. However, most individuals can use the simpler worksheet in their tax form instructions.

This publication includes a detailed example of a taxpayer who figures the child tax credit and the additional child tax credit.

If you were sent here from your Form 1040 or Form 1040A instructions. Go to page 4 of this publication and complete the *Child Tax Credit Worksheet*.

If you were sent here from your Form 8812 instructions. Go to page 8 of this publication and complete the *1040 Filers – Taxable Earned Income Worksheet*.

If you have not read your Form 1040 or Form 1040A instructions. Read on the next page the explanation of who must use this publication. If you find that you are not required to use this publication to figure your child tax credit, you can use the simpler worksheet in the Form 1040 or Form 1040A instructions to figure your credit.

Who must use this publication? If you answer “Yes” to **any** of the following questions, you **must** use this publication to figure your child tax credit.

- 1) Are you excluding income from Puerto Rico **or** are you filing any of the following forms?
 - a) Form 2555 or 2555-EZ (relating to foreign earned income)
 - b) Form 4563 (exclusion of income for residents of American Samoa)
- 2) Is the amount on Form 1040, line 35, or Form 1040A, line 22, more than the amount shown below for your filing status?
 - a) Married filing jointly – \$110,000
 - b) Single, head of household, or qualifying widow(er) – \$75,000
 - c) Married filing separately – \$55,000
- 3) Are you claiming any of the following credits?
 - a) Adoption credit, Form 8839
 - b) Mortgage interest credit, Form 8396
 - c) District of Columbia first-time homebuyer credit, Form 8859

Comments and suggestions. We welcome your comments about this publication and your suggestions for future editions.

You can e-mail us at ***tax.forms.irs.gov**. Please put “Publications comment” on the subject line.

You can write to us at the following address:

Internal Revenue Service
Individual Forms and Publications Branch
SE:W:CAR:MP:T:I
1111 Constitution Ave. NW
Washington, DC 20224

We respond to many letters by telephone. Therefore, it would be helpful if you would include your daytime phone number, including the area code, in your correspondence.

Child Tax Credit

This credit is for people who have a qualifying child as defined on this page. It is in addition to the credit for child and dependent care expenses (on Form 1040, line 45, or Form 1040A, line 29) and the earned income credit (on Form 1040, line 63, or Form 1040A, line 41).

The maximum amount you can claim for the credit is \$1,000 for each qualifying child.

Qualifying Child

A qualifying child for purposes of the child tax credit is a child who:

- Is claimed as your dependent on line 6c of Form 1040 or Form 1040A, **and**
- Was **under age 17** at the end of 2003, **and**
- Is your **(a)** son, daughter, adopted child, stepchild, or a descendant of any of them (for example, your grandchild); **(b)** brother, sister, stepbrother, stepsister, or a descendant of any of them (for example, your niece or nephew), whom you cared for as you would your own child; or **(c)** foster child (any child placed with you by an authorized placement agency whom you cared for as you would your own child), **and**
- Is a U.S. citizen or resident alien.

Note: The above requirements are not the same as the requirements to be a qualifying child for the earned income credit.

An **adopted child** is always treated as your own child. An adopted child includes a child placed with you by an authorized placement agency for legal adoption even if the adoption is not final. An authorized placement agency includes any person or court authorized by state law to place children for legal adoption.

Limits on the Credit

You must reduce your child tax credit if either (1) or (2) applies.

- 1) The amount on line 43 (Form 1040) or line 28 (Form 1040A) is less than the credit. If this amount is zero, you cannot take this credit because there is no tax to reduce. But you may be able to take the **additional child tax credit**. See *Additional Child Tax Credit*, later.
- 2) Your modified adjusted gross income (AGI) is above the amount shown below for your filing status.
 - Married filing jointly – \$110,000.
 - Single, head of household, or qualifying widow(er) – \$75,000.
 - Married filing separately – \$55,000.

Modified AGI. For purposes of the child tax credit, your modified AGI is your AGI plus the following amounts that may apply to you.

- Any amount excluded from income because of the exclusion of income from Puerto Rico.
- Any amount on line 43 or line 48 of Form 2555, *Foreign Earned Income*.

- Any amount on line 18 of Form 2555–EZ, *Foreign Earned Income Exclusion*.
- Any amount on line 15 of Form 4563, *Exclusion of Income for Bona Fide Residents of American Samoa*.

If you do not have any of the above, modified AGI is the AGI amount on line 35 (Form 1040) or line 21 (Form 1040A).

Claiming the Credit

To claim the child tax credit, you must file Form 1040 or Form 1040A. You cannot claim the child tax credit on Form 1040EZ. You must provide the name and identification number (usually a social security number) on your tax return for each qualifying child.

Advance Child Tax Credit Payment

You must reduce your 2003 child tax credit by any advance child tax credit payment you received in 2003. Enter the amount of any advance payment you received (before offset) on line 2 of your *Child Tax Credit Worksheet*. The amount of your advance payment (before offset) is shown on Notice 1319. This notice was mailed to you in 2003 if you received an advance payment. If you do not have this notice, you can check the amount of your advance payment (before offset) on the IRS website at www.irs.gov or call us at 1–800–829–1040.

If you received an advance payment but do not have a qualifying child for 2003, you do not have to pay back the amount you received. Do not enter the amount of your advance payment on your return.

If you filed a joint return for 2002, but for 2003 you are not filing a joint return (or a joint return with the same spouse), you are considered to have received one-half of the advance payment.

Example 1. You filed a joint return for 2002 and received an advance child tax credit payment (before offset) of \$800. You are divorced and filing using head of household status for 2003. You are considered to have received an advance payment (before offset) of \$400. When figuring your child tax credit for 2003, enter \$400 on line 2 of your *Child Tax Credit Worksheet*.

Example 2. You filed a joint return for 2002 with your wife, Jane. You and Jane received an advance child tax credit payment (before offset) of \$400. In 2003, you and Jane got divorced. After the divorce became final, you married Mary, with whom you are filing a joint return for 2003. Mary filed using head of household status for 2002 and received an advance child tax credit payment (before

offset) of \$400. When figuring your child tax credit for 2003, you and Mary enter \$600 (Mary's \$400 advance payment plus your \$200 advance payment) on line 2 of your *Child Tax Credit Worksheet*. You include \$600 on line 2 of the worksheet even if you are claiming only Mary's child.

Offset. If you owe past-due federal income tax, child support, spousal support, or certain federal nontax debts, such as student loans, all or part of any refund or advance child tax credit payment may be used (offset) to pay the past-due amount. Offsets for federal taxes are made by the IRS. All other offsets are made by the Treasury Department's Financial Management Services (FMS). You will receive a notice from FMS showing the amount of the offset and the agency receiving it.

On line 2 of your *Child Tax Credit Worksheet*, enter the amount of your advance child tax credit payment before offset.

Taxable Earned Income

You will need to figure your taxable earned income using one of the worksheets in this publication if you are completing the *Line 13 Worksheet* (page 6) or Form 8812. Form 1040 filers, use the worksheet on page 8 to figure your taxable earned income. Form 1040A filers, use the worksheet on page 9.

Additional Child Tax Credit

This credit is for certain individuals who get less than the full amount of the child tax credit. The additional child tax credit may give you a refund even if you do not owe any tax.

How to claim the additional child tax credit. To claim the additional child tax credit, follow the steps below.

- 1) Make sure you figured the amount, if any, of your child tax credit.
 - 2) If you answered "Yes" on line 6 or line 7 of the *Child Tax Credit Worksheet* in the Form 1040 or Form 1040A instructions (or on line 15 of the *Child Tax Credit Worksheet* in this publication), use Form 8812 to see if you can take the additional child tax credit.
 - 3) If you have an additional child tax credit on line 13 of Form 8812, carry it to line 65 (Form 1040) or line 42 (Form 1040A).
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Before you begin:

✓ If you received (before offset) an advance child tax credit payment, see *Advance Child Tax Credit Payment* on page 3.



To be a qualifying child for the child tax credit, the child must be **under age 17** at the end of 2003 and meet the other requirements listed on page 2.

Part 1

1. Number of qualifying children: _____ × \$1,000. Enter the result.

1	
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2. Enter the amount, if any, of your advance child tax credit (before offset). (For details, see page 3.)

2	
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3. Is line 1 less than or equal to line 2?
 - Yes.** You cannot take this credit. If line 2 is more than line 1, you do not have to pay back the difference.

3	
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 - No.** Subtract line 2 from line 1.

4. Enter the amount from Form 1040, line 35, or Form 1040A, line 22.

4	
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5. **1040 Filers.** Enter the total of any—
 - Exclusion of income from Puerto Rico, and
 - Amounts from Form 2555, lines 43 and 48; Form 2555-EZ, line 18; and Form 4563, line 15.**1040A Filers.** Enter -0-.

5	
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6. Add lines 4 and 5. Enter the total.

6	
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7. Enter the amount shown below for your filing status.
 - Married filing jointly - \$110,000
 - Single, head of household, or qualifying widow(er) - \$75,000
 - Married filing separately - \$55,000

7	
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8. Is the amount on line 6 more than the amount on line 7?
 - No.** Leave line 8 blank. Enter -0- on line 9.
 - Yes.** Subtract line 7 from line 6.

8	
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If the result is not a multiple of \$1,000, increase it to the next multiple of \$1,000 (for example, increase \$425 to \$1,000, increase \$1,025 to \$2,000, etc.).

9. Multiply the amount on line 8 by 5% (.05). Enter the result.

9	
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10. Is the amount on line 3 more than the amount on line 9?
 - No.** You cannot take the child tax credit on Form 1040, line 49, or Form 1040A, line 33. You also cannot take the additional child tax credit on Form 1040, line 65, or Form 1040A, line 42. Complete the rest of your Form 1040 or 1040A.
 - Yes.** Subtract line 9 from line 3. Enter the result.

10	
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Go to Part 2 on the next page.

Part 2

11. Enter the amount from Form 1040, line 43, or Form 1040A, line 28.

11	
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12. **1040 Filers.** Enter the total of the amounts from lines 44 through 48.
1040A Filers. Enter the total of the amounts from lines 29 through 32.

12	
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13. Are you claiming any of the following credits?

- Adoption credit, Form 8839
- Mortgage interest credit, Form 8396
- District of Columbia first-time homebuyer credit, Form 8859

No. Enter the amount from line 12.

Yes. Complete the *Line 13 Worksheet* on the next page to figure the amount to enter here.

13	
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14. Subtract line 13 from line 11. Enter the result.

14	
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15. Is the amount on line 10 of this worksheet more than the amount on line 14?

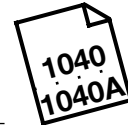
No. Enter the amount from line 10.

Yes. Enter the amount from line 14. See the **TIP** below.

This is your child tax credit.

15	
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Enter this amount on Form 1040, line 49, or Form 1040A, line 33.



You may be able to take the **additional child tax credit** on Form 1040, line 65, or Form 1040A, line 42, only if you answered “Yes” on line 15.

- First, complete your Form 1040 through line 64, or Form 1040A through line 41.
- Then, use Form 8812 to figure any additional child tax credit.

Before you begin: ✓ Complete the *Taxable Earned Income Worksheet* on page 8 or 9 that applies to you.



Use this worksheet only if you answered “Yes” on line 13 of the *Child Tax Credit Worksheet* on page 5.

1. Enter the amount from line 10 of the <i>Child Tax Credit Worksheet</i> on page 4.	1	
2. Enter your taxable earned income from the worksheet on page 8 or 9 that applies to you.	2	
3. Is the amount on line 2 more than \$10,500? <input type="checkbox"/> No. Leave line 3 blank, enter -0- on line 4, and go to line 5. <input type="checkbox"/> Yes. Subtract \$10,500 from the amount on line 2. Enter the result.	3	
4. Multiply the amount on line 3 by 10% (.10) and enter the result.	4	
5. Is the amount on line 1 of the <i>Child Tax Credit Worksheet</i> on page 4 \$3,000 or more? <input type="checkbox"/> No. If line 4 above is zero, stop. Do not complete the rest of this worksheet. Instead, go back to the <i>Child Tax Credit Worksheet</i> on page 5 and do the following. Enter the amount from line 12 on line 13 and complete lines 14 and 15. If line 4 above is more than zero, leave lines 6 through 9 blank, enter -0- on line 10, and go to line 11 on the next page. <input type="checkbox"/> Yes. If line 4 above is equal to or more than line 1 above, leave lines 6 through 9 blank, enter -0- on line 10, and go to line 11 on the next page. Otherwise, see 1040 Filers and 1040A Filers on page 7 and then go to line 6.		
6. Enter the total of the following amounts from Form(s) W-2: <ul style="list-style-type: none"> • Social security taxes from box 4, and • Medicare taxes from box 6. Railroad employees, see the bottom of page 7.	6	
7. 1040 Filers. Enter the total of any— <ul style="list-style-type: none"> • Amounts from Form 1040, lines 28 and 56, and • Uncollected social security and Medicare or tier 1 RRTA taxes shown in box 12 of your Form(s) W-2 with codes A, B, M, and N. 1040A Filers. Enter -0-.	7	
8. Add lines 6 and 7. Enter the total.	8	
9. 1040 Filers. Enter the total of the amounts from Form 1040, lines 63 and 64. 1040A Filers. Enter the total of any— <ul style="list-style-type: none"> • Amount from Form 1040A, line 41, and • Excess social security and tier 1 RRTA taxes withheld that you entered to the left of Form 1040A, line 43. 	9	
10. Subtract line 9 from line 8. If the result is zero or less, enter -0-. Go to line 11 on the next page.	10	

If married filing jointly, include your spouse's amounts with yours when completing lines 6 and 7.

11. Enter the **larger** of line 4 or line 10.

11	
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12. Is the amount on line 11 of this worksheet more than the amount on line 1?

No. Subtract line 11 from line 1. Enter the result.

Yes. Enter -0-.

12	
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Next, figure the amount of any of the following credits that you are claiming. Use the amount from line 12 above when you are asked to enter the amount from Form 1040, line 49, or Form 1040A, line 33.

- Adoption credit, Form 8839
- Mortgage interest credit, Form 8396
- District of Columbia first-time homebuyer credit, Form 8859

Then, go to line 13.

13. Enter the total of the amounts from—

- Form 8839, line 18, and
- Form 8396, line 11, and
- Form 8859, line 11.

13	
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14. Enter the amount from line 12 of the *Child Tax Credit Worksheet* on page 5.

14	
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15. Add lines 13 and 14. Enter the total.

15	
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Enter this amount on line 13 of the Child Tax Credit Worksheet on page 5.

1040 Filers. Complete lines 56, 63, and 64 of your return if they apply to you.

1040A Filers. Complete line 41 of your return if it applies to you. If you, or your spouse if filing jointly, had more than one employer for 2003 and total wages of over \$87,000, figure any excess social security and railroad retirement (RRTA) taxes withheld. See the instructions for Form 1040A, line 43.

Railroad Employees. Include the following taxes in the total on line 6 of the *Line 13 Worksheet*.

- ✓ Tier 1 tax withheld from your pay. This tax should be shown in box 14 of your Form(s) W-2 and identified as "Tier 1 tax."
- ✓ If you were an employee representative, 50% of the total Tier 1 tax and Tier 1 Medicare tax you paid for 2003.



Before you begin:

- ✓ Use this worksheet only if you were sent here from the *Line 13 Worksheet* on page 6 of this publication or line 4 of Form 8812, *Additional Child Tax Credit*.
- ✓ Disregard community property laws when figuring the amounts to enter on this worksheet.
- ✓ If married filing jointly, include your spouse's amounts with yours when completing this worksheet.

1. Enter the amount from Form 1040, line 7 **1.** _____
Next, if you are filing Schedule C, C-EZ, F, or SE, or you received a Schedule K-1 (Form 1065 or Form 1065-B), go to line 2a. Otherwise, skip lines 2a through 2e and go to line 3.
2. **a.** Enter any statutory employee income reported on line 1 of Schedule C or C-EZ **2a.** _____
b. Enter any net profit or (loss) from Schedule C, line 31; Schedule C-EZ, line 3; Schedule K-1 (Form 1065), line 15a (other than farming); and Schedule K-1 (Form 1065-B), box 9.* Reduce this amount by any unreimbursed nonfarm partnership expenses you deducted on Schedule E. **Do not** include any statutory employee income or any other amounts exempt from self-employment tax. Options and commodities dealers must add any gain or subtract any loss (in the normal course of dealing in or trading section 1256 contracts) from section 1256 contracts or related property **2b.** _____
c. Enter any net farm profit or (loss) from Schedule F, line 36, and from farm partnerships, Schedule K-1 (Form 1065), line 15a.* Reduce this amount by any unreimbursed farm partnership expenses you deducted on Schedule E. **Do not** include any amounts exempt from self-employment tax. **2c.** _____
d. If you used the farm optional method to figure net earnings from self-employment, enter the amount from Schedule SE, Section B, line 15. Otherwise, skip this line and enter on line 2e the amount from line 2c **2d.** _____
e. If line 2c is a profit, enter the **smaller** of line 2c or line 2d. If line 2c is a (loss), enter the (loss) from line 2c. **2e.** _____
3. Add lines 1, 2a, 2b, and 2e. If zero or less, **stop**. Do not complete the rest of this worksheet. Instead, enter -0- on line 2 of the *Line 13 Worksheet* on page 6 or line 4 of Form 8812, whichever applies **3.** _____
4. Enter any amount included on line 1 that is:
a. A scholarship or fellowship grant not reported on Form W-2 **4a.** _____
b. For work done while an inmate in a penal institution (enter "PRI" and this amount on the dotted line next to line 7 of Form 1040) **4b.** _____
c. A pension or annuity from a nonqualified deferred compensation plan or a nongovernmental section 457 plan (enter "DFC" and this amount on the dotted line next to line 7 of Form 1040). This amount may be shown in box 11 of your Form W-2. If you received such an amount but box 11 is blank, contact your employer for the amount received as a pension or annuity. **4c.** _____
5. **a.** Enter any amount included on line 3 that is also included on Form 2555, line 41, or Form 2555-EZ, line 18. **Do not** include any amount that is also included on line 4a, 4b, or 4c above **5a.** _____
b. Enter the amount, if any, from Form 2555, line 42, that is also deducted on Schedule C, C-EZ, or F, or included on Schedule E in partnership net income or (loss) **5b.** _____
c. Subtract line 5b from line 5a **5c.** _____
6. Enter the amount from Form 1040, line 28 **6.** _____
7. Add lines 4a through 4c, 5c, and 6 **7.** _____
8. Subtract line 7 from line 3 **8.** _____
 - If you were sent here from the *Line 13 Worksheet* on page 6, enter this amount on line 2 of that worksheet.
 - If you were sent here from Form 8812, enter this amount on line 4 of that form.

**If you have any Schedule K-1 amounts and you are not required to file Schedule SE, complete the appropriate line(s) of Schedule SE, Section A. Put your name and social security number on Schedule SE and attach it to your return.*



Before you begin:

- ✓ Use this worksheet only if you were sent here from the *Line 13 Worksheet* on page 6 of this publication.
- ✓ Disregard community property laws when figuring the amounts to enter on this worksheet.

1. Enter the amount from Form 1040A, line 7 1. _____
2. Enter any amount included on line 1 that is:
 - a. A scholarship or fellowship grant not reported on Form W-2 2a. _____
 - b. For work done while an inmate in a penal institution (enter "PRI" and this amount next to line 7 of Form 1040A) 2b. _____
 - c. A pension or annuity from a nonqualified deferred compensation plan or a nongovernmental section 457 plan (enter "DFC" and this amount next to line 7 of Form 1040A). This amount may be shown in box 11 of your Form W-2. If you received such an amount but box 11 is blank, contact your employer for the amount received as a pension or annuity 2c. _____
3. Add lines 2a through 2c 3. _____
4. Subtract line 3 from line 1. Enter the result here and on line 2 of the *Line 13 Worksheet* on page 6 4. _____

Detailed Example

Steve and Gretchen Leaf have four children who are all qualifying children for the child tax credit. Steve and Gretchen's adjusted gross income (AGI) (Form 1040, line 35) is \$112,000. This amount represents Steve's salary and is considered taxable earned income. They will file a joint return. Assume that their tax (Form 1040, line 43) is \$2,000.

Steve and Gretchen received an advance payment of the child tax credit in 2003. The amount was \$1,600. They also received Notice 1319 indicating \$1,600 as the amount of the payment.

Steve and Gretchen have the 2003 Form 1040 tax package and instructions. They want to see if they qualify for the child tax credit, so they follow the steps for line 49 in the instructions.

Step 1. In Step 1 of those instructions Steve and Gretchen determine all four children qualify for the child tax credit.

Step 2. The Leafs check the box in column (4) of line 6c on Form 1040 for each child.

Step 3. In Step 3 the Leafs find out they must use Publication 972 to figure their child tax credit because their AGI is more than \$110,000. When they read Publication 972, they find out they must complete the *Child Tax Credit Worksheet* which begins on page 4.

Completing the Child Tax Credit Worksheet. Steve and Gretchen fill out the worksheet (shown here) to find out how much child tax credit they can claim.

- 1) Steve and Gretchen enter the number of qualifying children (4), multiply 4 by \$1,000, and enter the result (\$4,000) in the box for line 1.
- 2) They enter \$1,600, the amount of the advance child tax credit payment, in the box for line 2.
- 3) They check the "No" box for line 3, subtract the amount on line 2 (\$1,600) from the amount on line 1 (\$4,000), and enter the result (\$2,400) in the box for line 3.
- 4) They enter their AGI (\$112,000) in the box for line 4.
- 5) They enter -0- in the box for line 5 since they did not exclude any income from Puerto Rico or any income on Form 2555, Form 2555-EZ, or Form 4563.
- 6) They add \$112,000 and \$0 and enter the result (\$112,000) in the box for line 6.
- 7) They enter \$110,000 in the box for line 7 since they will file a joint return.
- 8) They check the "Yes" box in line 8 since the amount on line 6 (\$112,000) is more than the amount on line 7 (\$110,000). They subtract line 7 (\$110,000) from line 6 (\$112,000) and enter the result (\$2,000) in the box for line 8.
- 9) They multiply the amount on line 8 (\$2,000) by 5% (.05) and enter the result (\$100) in the box for line 9.

- 10) They check the "Yes" box in line 10 since the amount on line 3 (\$2,400) is more than the amount on line 9 (\$100). They subtract line 9 (\$100) from line 3 (\$2,400) and enter the result (\$2,300) in the box for line 10.
- 11) They enter the amount from line 43 of their Form 1040 (\$2,000) in the box for line 11.
- 12) Steve and Gretchen did not have any of the credits on lines 44, 45, 46, 47, or 48 of Form 1040, so they enter -0- in the box for line 12.
- 13) They check the "No" box on line 13 because they are not claiming any of the credits shown on line 13. They enter -0- in the box for line 13.
- 14) They subtract the amount on line 13 (\$0) from the amount on line 11 (\$2,000) and enter the result (\$2,000) in the box for line 14.
- 15) They check the "Yes" box in line 15 since the amount on line 10 (\$2,300) is more than the amount on line 14 (\$2,000). They enter the amount from line 14 (\$2,000) in the box for line 15. Their child tax credit is \$2,000. They enter \$2,000 on line 49 of their Form 1040.

Steve and Gretchen read the *TIP* in the worksheet and find that they may be able to take the additional child tax credit because they checked the "Yes" box in line 15.

Steve and Gretchen complete their Form 1040 through line 64 and use Form 8812 to see if they can claim the additional child tax credit.

Completing Form 8812.

- 1) They enter the amount from line 10 of their *Child Tax Credit Worksheet* (\$2,300) on line 1.
- 2) On line 2, they enter the amount of their child tax credit (\$2,000) from line 49 of their Form 1040.
- 3) Steve and Gretchen subtract the amount on line 2 (\$2,000) from the amount on line 1 (\$2,300) and enter the result (\$300) on line 3.
- 4) Before completing line 4, they read the instructions on the back of the form and answer "No" to each of the four questions. They enter the amount from line 7 of their Form 1040 (\$112,000) on line 4.
- 5) Since the amount on line 4 (\$112,000) is more than \$10,500, they check the "Yes" box and subtract \$10,500 from the amount on line 4 (\$112,000) and enter the result (\$101,500) on line 5.
- 6) They multiply the amount on line 5 (\$101,500) by 10% (.10) and enter the result (\$10,150) on line 6. Next, they are asked if they have three or more qualifying children. Steve and Gretchen check the "Yes" box. Since line 6 (\$10,150) is more than line 3 (\$300), they skip *Part II* and enter the amount from line 3 (\$300) on line 13. This \$300 is their additional child tax credit. They also enter this amount on line 65 of their Form 1040.

Steve and Gretchen will get a child tax credit of \$2,000 and an additional child tax credit of \$300 for the year.

Paperwork Reduction Act Notice. We ask for the information on the worksheets in this publication to carry out the Internal Revenue laws of the United States. You are required to give us the information if requested. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

You are not required to provide the information requested on a form (or worksheet in this publication) that is subject to the Paperwork Reduction Act unless the form (or publication) displays a valid OMB control number. Books or records relating to a form, its instructions, or this publication must be retained as long as their contents may become material in the administration of any Internal

Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The time needed to complete and file the worksheets in this publication will vary depending on individual circumstances. The estimated average time is:

- Recordkeeping** 12 min.
- Learning about the law or the worksheets** 8 min.
- Preparing the worksheets** 1 hr., 14min.

If you have comments concerning the accuracy of these time estimates or suggestions for making these worksheets simpler, we would be happy to hear from you. See *Comments and suggestions*, earlier.

Before you begin:

✓ If you received (before offset) an advance child tax credit payment see *Advance Child Tax Credit Payment* on page 3.



To be a qualifying child for the child tax credit, the child must be **under age 17** at the end of 2003 and meet the other requirements listed on page 2.

Part 1

1. Number of qualifying children: 4 × \$1,000. Enter the result. 1 4,000

2. Enter the amount, if any, of your advance child tax credit (before offset). (For details, see page 3.) 2 1,600

3. Is line 1 less than or equal to line 2?
 Yes. You cannot take this credit. If line 2 is more than line 1, you do not have to pay back the difference. 3 2,400

No. Subtract line 2 from line 1.

4. Enter the amount from Form 1040, line 35, or Form 1040A, line 22. 4 112,000

5. **1040 Filers.** Enter the total of any—

- Exclusion of income from Puerto Rico, and
- Amounts from Form 2555, lines 43 and 48; Form 2555-EZ, line 18; and Form 4563, line 15.

1040A Filers. Enter -0-. 5 0

6. Add lines 4 and 5. Enter the total. 6 112,000

7. Enter the amount shown below for your filing status.

- Married filing jointly - \$110,000
- Single, head of household, or qualifying widow(er) - \$75,000
- Married filing separately - \$55,000

7 110,000

8. Is the amount on line 6 more than the amount on line 7?
 No. Leave line 8 blank. Enter -0- on line 9.
 Yes. Subtract line 7 from line 6.
 If the result is not a multiple of \$1,000, increase it to the next multiple of \$1,000 (for example, increase \$425 to \$1,000, increase \$1,025 to \$2,000, etc.). 8 2,000

9. Multiply the amount on line 8 by 5% (.05). Enter the result. 9 100

10. Is the amount on line 3 more than the amount on line 9?
 No. You cannot take the child tax credit on Form 1040, line 49, or Form 1040A, line 33. You also cannot take the additional child tax credit on Form 1040, line 65, or Form 1040A, line 42. Complete the rest of your Form 1040 or 1040A.
 Yes. Subtract line 9 from line 3. Enter the result.
 Go to Part 2 on the next page. 10 2,300

Leafs' filled-in worksheet continued

Part 2

11. Enter the amount from Form 1040, line 43, or Form 1040A, line 28.

11	2,000
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12. **1040 Filers.** Enter the total of the amounts from lines 44 through 48.

1040A Filers. Enter the total of the amounts from lines 29 through 32.

12	0
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13. Are you claiming any of the following credits?

- Adoption credit, Form 8839
- Mortgage interest credit, Form 8396
- District of Columbia first-time homebuyer credit, Form 8859

No. Enter the amount from line 12.

Yes. Complete the *Line 13 Worksheet* on the next page to figure the amount to enter here.

13	0
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14. Subtract line 13 from line 11. Enter the result.

14	2,000
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15. Is the amount on line 10 of this worksheet more than the amount on line 14?

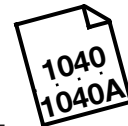
No. Enter the amount from line 10.

Yes. Enter the amount from line 14. See the **TIP** below.

This is your child tax credit.

15	2,000
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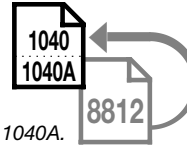
Enter this amount on
Form 1040, line 49, or
Form 1040A, line 33.



You may be able to take the **additional child tax credit** on Form 1040, line 65, or Form 1040A, line 42, only if you answered “Yes” on line 15.

- First, complete your Form 1040 through line 64, or Form 1040A through line 41.
- Then, use Form 8812 to figure any additional child tax credit.

Additional Child Tax Credit



Department of the Treasury
Internal Revenue Service

Complete and attach to Form 1040 or Form 1040A.

Name(s) shown on return

Steve and Gretchen Leaf

Your social security number

678 00 4444

Part I All Filers

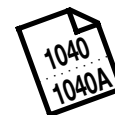
1	Enter the amount from line 3 of your Child Tax Credit Worksheet on page 41 of the Form 1040 instructions or page 38 of the Form 1040A instructions. If you used Pub. 972, enter the amount from line 10 of the worksheet on page 4 of the publication	1	2,300	
2	Enter the amount from Form 1040, line 49, or Form 1040A, line 33	2	2,000	
3	Subtract line 2 from line 1. If zero, stop ; you cannot take this credit	3	300	
4	Enter your total taxable earned income. See the instructions on back	4	112,000	
5	Is the amount on line 4 more than \$10,500? <input type="checkbox"/> No. Leave line 5 blank and enter -0- on line 6. <input checked="" type="checkbox"/> Yes. Subtract \$10,500 from the amount on line 4. Enter the result	5	101,500	
6	Multiply the amount on line 5 by 10% (.10) and enter the result Next. Do you have three or more qualifying children? <input type="checkbox"/> No. If line 6 is zero, stop ; you cannot take this credit. Otherwise, skip Part II and enter the smaller of line 3 or line 6 on line 13. <input checked="" type="checkbox"/> Yes. If line 6 is equal to or more than line 3, skip Part II and enter the amount from line 3 on line 13. Otherwise, go to line 7.	6	10,150	

Part II Certain Filers Who Have Three or More Qualifying Children

7	Enter the total of the withheld social security and Medicare taxes from Form(s) W-2, boxes 4 and 6. If married filing jointly, include your spouse's amounts with yours. If you worked for a railroad, see the instructions on back	7		
8	1040 filers: Enter the total of the amounts from Form 1040, lines 28 and 56, plus any uncollected social security and Medicare or tier 1 RRTA taxes included on line 60. 1040A filers: Enter -0-.	8		
9	Add lines 7 and 8	9		
10	1040 filers: Enter the total of the amounts from Form 1040, lines 63 and 64. 1040A filers: Enter the total of the amount from Form 1040A, line 41, plus any excess social security and tier 1 RRTA taxes withheld that you entered to the left of line 43 (see the instructions on back).	10		
11	Subtract line 10 from line 9. If zero or less, enter -0-	11		
12	Enter the larger of line 6 or line 11 here Next, enter the smaller of line 3 or line 12 on line 13.	12		

Part III Your Additional Child Tax Credit

13	This is your additional child tax credit	13	300	
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Enter this amount on
Form 1040, line 65, or
Form 1040A, line 42.

How To Get Tax Help

You can get help with unresolved tax issues, order free publications and forms, ask tax questions, and get more information from the IRS in several ways. By selecting the method that is best for you, you will have quick and easy access to tax help.

Contacting your Taxpayer Advocate. If you have attempted to deal with an IRS problem unsuccessfully, you should contact your Taxpayer Advocate.

The Taxpayer Advocate independently represents your interests and concerns within the IRS by protecting your rights and resolving problems that have not been fixed through normal channels. While Taxpayer Advocates cannot change the tax law or make a technical tax decision, they can clear up problems that resulted from previous contacts and ensure that your case is given a complete and impartial review.

To contact your Taxpayer Advocate:

- Call the Taxpayer Advocate toll free at **1-877-777-4778**.
- Call, write, or fax the Taxpayer Advocate office in your area.
- Call **1-800-829-4059** if you are a TTY/TDD user.
- Visit the web site at **www.irs.gov/advocate**.

For more information, see Publication 1546, *The Taxpayer Advocate Service of the IRS*.

Free tax services. To find out what services are available, get Publication 910, *Guide to Free Tax Services*. It contains a list of free tax publications and an index of tax topics. It also describes other free tax information services, including tax education and assistance programs and a list of TeleTax topics.



Internet. You can access the IRS web site 24 hours a day, 7 days a week at **www.irs.gov** to:

- **E-file.** Access commercial tax preparation and *e-file* services available for free to eligible taxpayers.
- Check the amount of advance child tax credit payments you received in 2003.
- Check the status of your 2003 refund. Click on "Where's My Refund" and then on "Go Get My Refund Status." Be sure to wait at least 6 weeks from the date you filed your return (3 weeks if you filed electronically) and have your 2003 tax return available because you will need to know your filing status and the exact whole dollar amount of your refund.
- Download forms, instructions, and publications.
- Order IRS products on-line.
- See answers to frequently asked tax questions.
- Search publications on-line by topic or keyword.

- Figure your withholding allowances using our Form W-4 calculator.
- Send us comments or request help by e-mail.
- Sign up to receive local and national tax news by e-mail.
- Get information on starting and operating a small business.

You can also reach us using File Transfer Protocol at **ftp.irs.gov**.



Fax. You can get over 100 of the most requested forms and instructions 24 hours a day, 7 days a week, by fax. Just call **703-368-9694** from your fax machine. Follow the directions from the prompts. When you order forms, enter the catalog number for the form you need. The items you request will be faxed to you.

For help with transmission problems, call **703-487-4608**.

Long-distance charges may apply.



Phone. Many services are available by phone.

- **Ordering forms, instructions, and publications.** Call **1-800-829-3676** to order current-year forms, instructions, and publications and prior-year forms and instructions. You should receive your order within 10 days.
- **Asking tax questions.** Call the IRS with your tax questions at **1-800-829-1040**.
- **Solving problems.** You can get face-to-face help solving tax problems every business day in IRS Taxpayer Assistance Centers. An employee can explain IRS letters, request adjustments to your account, or help you set up a payment plan. Call your local Taxpayer Assistance Center for an appointment. To find the number, go to **www.irs.gov** or look in the phone book under "United States Government, Internal Revenue Service."
- **TTY/TDD equipment.** If you have access to TTY/TDD equipment, call **1-800-829-4059** to ask tax or account questions or to order forms and publications.
- **TeleTax topics.** Call **1-800-829-4477** to listen to pre-recorded messages covering various tax topics.
- **Refund information.** If you would like to check the status of your 2003 refund, call **1-800-829-4477** for automated refund information and follow the recorded instructions or call **1-800-829-1954**. Be sure to wait at least 6 weeks from the date you filed your return (3 weeks if you filed electronically) and have your 2003 tax return available because you will need to know your filing status and the exact whole dollar amount of your refund.

Evaluating the quality of our telephone services. To

ensure that IRS representatives give accurate, courteous, and professional answers, we use several methods to evaluate the quality of our telephone services. One method is for a second IRS representative to sometimes listen in on or record telephone calls. Another is to ask some callers to complete a short survey at the end of the call.



Walk-in. Many products and services are available on a walk-in basis.

- **Products.** You can walk in to many post offices, libraries, and IRS offices to pick up certain forms, instructions, and publications. Some IRS offices, libraries, grocery stores, copy centers, city and county government offices, credit unions, and office supply stores have a collection of products available to print from a CD-ROM or photocopy from reproducible proofs. Also, some IRS offices and libraries have the Internal Revenue Code, regulations, Internal Revenue Bulletins, and Cumulative Bulletins available for research purposes.
- **Services.** You can walk in to your local Taxpayer Assistance Center every business day to ask tax questions or get help with a tax problem. An employee can explain IRS letters, request adjustments to your account, or help you set up a payment plan. You can set up an appointment by calling your local Center and, at the prompt, leaving a message requesting Everyday Tax Solutions help. A representative will call you back within 2 business days to schedule an in-person appointment at your convenience. To find the number, go to www.irs.gov or look in the phone book under "United States Government, Internal Revenue Service."



Mail. You can send your order for forms, instructions, and publications to the Distribution Center nearest to you and receive a response within 10 workdays after your request is received. Use the address that applies to your part of the country.

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- **Central part of U.S.:**
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- **Eastern part of U.S. and foreign addresses:**
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CD-ROM for tax products. You can order IRS Publication 1796, *Federal Tax Products on CD-ROM*, and obtain:

- Current-year forms, instructions, and publications.
- Prior-year forms and instructions.
- Frequently requested tax forms that may be filled in electronically, printed out for submission, and saved for recordkeeping.
- Internal Revenue Bulletins.

Buy the CD-ROM from National Technical Information Service (NTIS) on the Internet at www.irs.gov/cdorders for \$22 (no handling fee) or call **1-877-233-6767** toll free to buy the CD-ROM for \$22 (plus a \$5 handling fee). The first release is available in early January and the final release is available in late February.



CD-ROM for small businesses. IRS Publication 3207, *Small Business Resource Guide*, is a must for every small business owner or any taxpayer about to start a business. This handy, interactive CD contains all the business tax forms, instructions and publications needed to successfully manage a business. In addition, the CD provides an abundance of other helpful information, such as how to prepare a business plan, finding financing for your business, and much more. The design of the CD makes finding information easy and quick and incorporates file formats and browsers that can be run on virtually any desktop or laptop computer.

It is available in early April. You can get a free copy by calling **1-800-829-3676** or by visiting the web site at www.irs.gov/smallbiz.