# Utah State Tax Commission Tax and Revenue





# **Utah State Tax Commission**

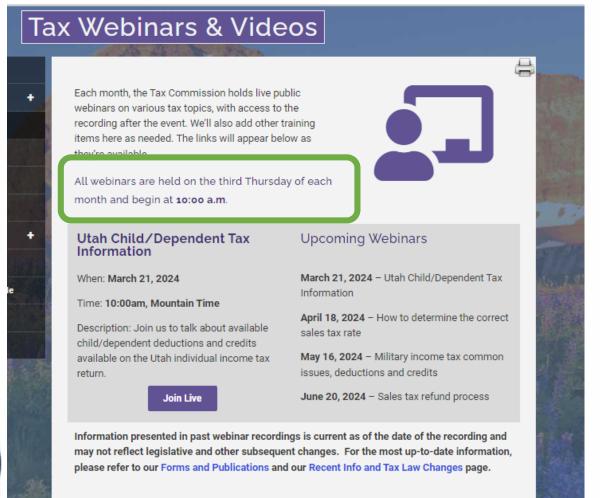
Monthly webinars of various tax topics.

- ➤ Ability to access the recording and presentation after the event.
- > Free to all attendees.



# **Utah State Tax Commission Monthly Webinars**

tax.utah.gov/training/webinars







# **Utah Child/Dependent Tax Information**





# **Child and Dependent Topics**

- Utah Personal Exemption
- Utah Tax Credits



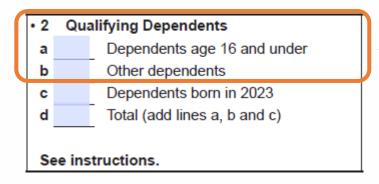
# Utah Personal Exemption for Qualifying Dependents

• Qualifying dependents are those you were allowed to claim for a tax credit on federal form 1040 in column (4) of the "Dependents" section (IRC §24).

Federal 1040:

Dependents	(see instructions):	(2) Social security	(3) Relationship	)	(4) Check the box if qualifies for (see instructions):	
If more	(1) First name Last name	number	to you		Child tax credit	Credit for other dependents
than four						
dependents,						
see instructions and check						
here						

Utah TC-40:





# General IRS Rules for Dependents

These rules generally apply to **all** dependents:

- A dependent must be a U.S. citizen, resident alien or national or a resident of Canada or Mexico.
- A person can't be claimed as a dependent on more than one tax return, with rare exceptions.
- A dependent can't claim a dependent on their own tax return.
- You can't claim your spouse as a dependent if you file jointly.
- A dependent must be a qualifying child or qualifying relative.

#### **Qualifying child**

To qualify as a dependent, a child must also pass these tests:

- Relationship: Be your son, daughter, stepchild, eligible foster child, brother, sister, half-sister or -brother, stepbrother, stepsister, adopted child or the child of one of these
- Age: Be under age 19 or under 24 if a full-time student, or any age if permanently and totally disabled
- Residency: Live with you for more than half the year, with some exceptions
- · Support: Get more than half their financial support from you
- Joint return: Not file as married filing jointly unless only to claim a refund of taxes paid or withheld

#### **Qualifying relative**

A qualifying relative must meet general rules for dependents and pass these tests:

- Not a qualifying child: Isn't your qualifying child or the qualifying child of any other taxpayer
- Member of household or relationship: Lives with you all year as a member of your household or is a specific type of relative
- Gross income: Has gross income under \$4,700
- Support: Gets more than half their financial support from you



For a full list of IRS requirements, visit the IRS website at irs.gov or the 1040 instruction booklet.

# General IRS Requirements For Child Tax Credit

You may be able to claim the Child Tax Credit for each qualifying child who has a Social Security number that is valid for employment in the United States.

To be a qualifying child for the 2023 tax year, your dependent generally must:

- Be under age 17 at the end of the year.
- Be your son, daughter, stepchild, eligible foster child, brother, sister, stepbrother, stepsister, half-brother, half-sister, or a descendant of one of these (for example, a grandchild, niece or nephew).
- Provide no more than half of their own financial support during the year.
- Have lived with you for more than half the year.
- Be properly claimed as your dependent on your tax return.
- Not file a joint return with their spouse for the tax year **or** file it only to claim a refund of withheld income tax or estimated tax paid.
- Have been a U.S. citizen, U.S. national or U.S. resident alien.



For a full list of IRS requirements, visit the IRS website at <u>irs.gov</u> or the 1040 instruction booklet.

# General IRS Requirements For Credit For Other Dependents

#### Who can qualify?

- Dependents of any age, including those who are age 18 or older.
- Dependents who have Social Security numbers or Individual Taxpayer Identification numbers.
- Dependent parents or other qualifying relatives supported by the taxpayer.
- Dependents living with the taxpayer who aren't related to the taxpayer.

#### A taxpayer can claim this credit if:

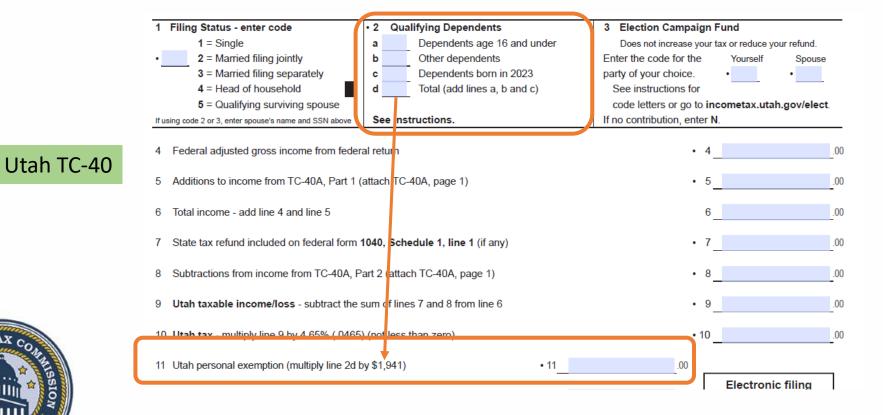
- They claim the person as a dependent on the taxpayer's return.
- They cannot use the dependent to claim the child tax credit or additional child tax credit.
- The dependent is a U.S. citizen, national or resident alien.



For a full list of IRS requirements, visit the IRS website at <u>irs.gov</u> or the 1040 instruction booklet.

# Utah Personal Exemption for Qualifying Dependents

• The 2023 Utah personal exemption is \$1,941 per qualifying dependent (from line 2d) and is entered on line 11 of the Utah TC-40 tax return.

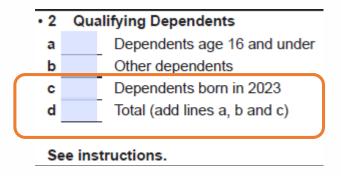




# Utah Personal Exemption for Qualifying Dependents

 New for the 2023 tax year – In the year of a qualifying dependent's birth, you may claim an additional dependent on the Utah Tax return.

Utah TC-40:





NOTE: The Utah Personal Exemption for qualifying dependents is factored into the calculation for the Taxpayer Tax Credit. This credit may be reduced or phased out based on your income for the tax year.

# **Utah Child/Dependent Tax Credits**



### At Home Parent Credit

(code 01)

#### §59-10-1005

- An at-home parent may claim a **nonrefundable** credit of \$100 for each child 12 months old or younger on the last day of the tax year.
- An at-home parent includes the:
  - biological mother or father,
  - stepmother or stepfather,
  - adoptive parents,
  - foster parents,
  - legal guardian, and
  - persons housing a child placed by a child-placing agency for legal adoption.

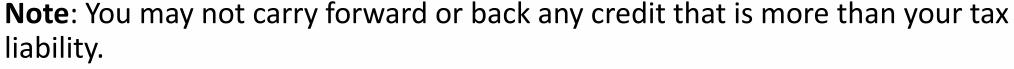


### At Home Parent Credit

(code 01)

#### §59-10-1005

- To qualify for the credit, all of the following conditions must be met:
  - The child must be 12 months or younger on the last day of 2023;
  - the at-home parent must provide full-time care in their residence;
  - the child must be claimed as a dependent on the at-home parent's return;
  - the total of the at-home parent's wages, tips and compensation listed on federal W-2 forms and the gross income on federal Schedule C, Profit or Loss from Business, line 7, must be \$3,000 or less for the taxable year; and
  - the federal adjusted gross income (TC-40, line 4) must be \$50,000 or less.





## **Utah Earned Income Tax Credit**

(code AM)

#### §59-10-1044

- You may claim a **nonrefundable** Utah earned income tax credit equal to the lesser of 20 percent of your federal earned income tax credit or the total Utah wages shown on W-2s received.
  - To qualify you must:
    - qualify for and claim the federal credit in the same tax year, and
    - earn Utah income that is reported on a W-2.

Earned Income Tax Credit Worksheet					
1. Enter your federal earned income tax credit from federal form 1040 or 1040SR, line 27	1.				
2. Multiply line 1 by 0.2	2.				
3. Total Utah wages shown on form W-2, box 16	3.				



**Note:** You may not carry forward or back any credit that is more than your tax liability.

# **Utah Educational Savings Plan Credit**

my529°

(code 20)

§59-10-1017

- 529 plans are designed to encourage saving for future education costs.
  - Earnings in a 529 account grow deferred from federal and state taxes.
  - Withdrawals are tax-free when used on qualified educational expenses.
- If a qualified contribution was made to your Utah my529 account, you may claim a **nonrefundable** tax credit.
  - To qualify, the contribution must be made during the taxable year and must not have been deducted on your federal return.
  - You must be the account owner to claim this tax credit.
  - Contributions made to educational saving plans in other states do not qualify.



# Utah Educational Savings Plan Credit-

my529°

(code 20)

§59-10-1017

- If you are a my529 account owner, you will receive form TC-675H, my529 Tax Statement for Contributions, Withdrawals, and Transfers, from my529.
  - If your filing status is single, head of household, married filing separate or qualifying surviving spouse, enter on TC-40A, Part 3, the amount from TC-675H, box 1A.
  - If your filing status is married filing joint, enter the amount from TC-675H, box 1B.



Keep form TC-675H with your records to provide the Tax Commission upon request. If you have any questions about my529 accounts, call my529 at 1-800-418-2551, or visit my529.org.

# Achieving a Better Life Experience – ABLE



(Code 63)

#### §59-10-1035

- You may claim a nonrefundable credit for 4.65 percent of the total qualified contributions you made to a Utah resident's Achieving a Better Life Experience Program account.
- You must make the contributions during the taxable year and have an itemized statement from the qualified ABLE program.

• You may not claim a credit for an amount of a contribution that is returned to you or an amount already deducted on your federal income tax return.

Credit calculation

Contributions x .0465 = Credit



For more information, contact:

Department of Workforce Services – ABLEUtah 1595 West 500 South Salt Lake City, Utah 84104-5238 1-800-439-1653 ableut.com

## **Special Needs Opportunity Program**

(code AG)



#### §59-10-1041

- You may claim a nonrefundable credit for a donation made to the Special Needs Opportunity Scholarship Program.
  - The credit amount is up to 100% of your qualified contribution to an approved scholarship granting organization.
- To claim this tax credit you must receive a tax credit certificate from the scholarship granting organization, listing the amount of the credit.
  - You may not claim this credit if you claimed the donation as an itemized deduction on your federal return.
- Note: You may carry back one year or forward for the next three years any credit that is more than
  your tax liability.

For more information or to make a contribution, contact:

#### Children First Education Fund

Childrenfirsteducationfund.org info@childrenfirsteducationfund.org 385-204-5331



# Upcoming For The 2024 Tax Year Utah Child Tax Credit

Effective tax periods beginning on or after January 1,2024 (next years tax return)

- Utah has enacted a \$1,000 **nonrefundable** tax credit for each qualifying child between the ages of 1-4. (on the last day of the tax year)
  - If you are allowed to claim a federal child tax credit for this dependent.
- Credit is reduced by \$.10 for every dollar of modified adjusted gross income that exceeds:
  - \$27,000 if married filing separately
  - \$43,000 if filing single or head of household
  - \$54,000 if married filing joint



# **Tax Commission Resources**

	Contact Us				
Practitioner Hotline	801-297-7790 or 1-800-662-4335 ext. 7790				
Customer Service – payment processing & liens	801-297-2200 <b>or</b> 1-800-662-4335				
Taxpayer Resources Unit – basic tax questions	801-297-7705 or 1-800-662-4335 ext. 7705				
TAP Support	801-297-3996 or 1-800-662-4335 ext. 3996				
	Email: tapsupport@utah.gov				
Taxpayer Advocate Service	801-297-7562 <b>or</b> 1-800-662-4335 ext. 7562				
Email	taxmaster@utah.gov				
Online Resources					
Tax Commission Website	tax.utah.gov				
Forms and Publications	tax.utah.gov/forms				
Online Services (TAP)	tap.utah.gov				
Tax Practitioner Information	tax.utah.gov/taxpros				
Individual Income Tax	incometax.utah.gov				
Tax Training	tax.utah.gov/training				
Twitter	Forms: UtahTaxWebsite All other Tweets: Utahtaxcomm				



# Thank You

