



# COMMON INCOME TAX CREDITS YOU SHOULD KNOW

Everyone who makes income above a certain level in the USA is required to file and pay federal income taxes. The same goes for the state of Maryland.

While generally two people making the same amount of money will pay similar amounts of taxes, a person who claims tax credits when they file will pay less taxes than someone who doesn't.

**Tax Credits can potentially save you thousands of dollars. Check if you qualify for any when you file!**

## GENERAL RULES

- Federal and State taxes each have their own set of tax credits. Federal Credits apply to federal taxes, while Maryland Credits apply to Maryland Taxes. Some state credits are essentially copies of federal credits – but claiming one doesn't mean you automatically get the other.
- Some tax credits are Refundable, which means that if you claim the credit, but paid less in taxes than the credit is worth, the difference will be added to your refund. Claiming Refundable credits can make it worth filing taxes, even if you aren't required to.
- To get Tax Credits, you will virtually always need to specifically claim them on your tax return – meaning you must file by some method. Reputable Tax Preparers, and tax preparation software (for example, TurboTax) will help you check if you qualify for many credits. The FreeFile program on the IRS Website can offer free tax preparation software during tax season.
- Some credits, such as the Earned Income Tax Credit, require you to provide additional documents showing that you qualify. What is required depends on the credit.

## COMMON EXAMPLES

Please refer to the official respective state and federal guidelines on how to specifically apply for each.

Visit [www.irs.gov/credits-and-deductions](http://www.irs.gov/credits-and-deductions) for more information on federal tax credits.

**Flip page for guidelines.**

This is not legal advice. To get free legal help visit:

[WWW.MVLSLAW.ORG/FREE-LEGAL-HELP/](http://WWW.MVLSLAW.ORG/FREE-LEGAL-HELP/)

Or call intake between 9 a.m. and 12 p.m. on Monday through Thursday at 1(800) 510-0050 or (410) 547-6537



# COMMON INCOME TAX CREDITS YOU SHOULD KNOW

FEDERAL TAX CREDITS	MARYLAND STATE CREDITS
<p><b>Earned Income Tax Credit</b>            -One of the largest and most important tax credits available. It is meant to help working families. If you are working and make less than \$60,000, you should use the EITC assistant tool on <a href="http://www.irs.gov">www.irs.gov</a> (search “EITC”) to check if you qualify.</p>	<p><b>(MD) Earned Income Tax Credit</b>            -If you qualify for the federal earned income tax credit and claim it on your federal return, you may be entitled to a Maryland earned income tax credit on the state return equal to 50% of the federal tax credit. MD has a new EITC assistant of their own at <a href="http://www.interactive2.marylandtaxes.gov/EITCAssistant/">www.interactive2.marylandtaxes.gov/EITCAssistant/</a></p>
<p><b>Child and Dependent Care Credit</b>            -If you paid someone to care for your child or other qualifying person so you (and your spouse if filing jointly) could work or look for work, you may be able to take this credit based on your expenses.</p>	<p><b>(MD) Child and Dependent Care Credit</b>            - If you qualify for the federal Child and Dependent Care Credit and claimed it on your federal return, you may be entitled to a Maryland earned income tax credit on the state return of up to 32% of the federal tax credit.</p>
<p><b>Child Tax Credit</b>            -This tax credit will lower your tax bill if you have dependents who are under 17 years old who live with you for over half the year, and you pay for more than half their expenses. The amount goes up along with the number of dependents.</p>	<p><b>Senior Tax Credit</b>            -MD residents who are at least 65 on the last day of the year and make less than \$100,000 in gross income may be eligible for a tax credit of up to \$1,000. It’s that simple! It can be claimed on Part M of Form 502CR.</p>
<p><b>Education Credits</b>            -The American Opportunity Tax Credit gives you a tax break for the expenses of the first four years of a qualifying student’s higher education, such as tuition. This can also be claimed if you have dependent students. The Lifetime Learning Credit works similarly, but can also apply to later in life education such as some job skill trainings.</p>	<p><b>Student Loan Debt Relief Tax Credit</b>            -Apply on the Maryland Higher Education Commission’s website before September 15<sup>th</sup> each year, and if you have more than \$5,000 in graduate or undergraduate student loans, and you may be eligible for a significant tax credit. With this credit, you must be able to later show that you used the money you saved to pay off part of your student loans, rather than keeping it.</p>
<p><b>Tax Credit for the Elderly or the Disabled</b>            -A substantial tax credit for those that have low income/ other benefits and are either over 65 or fully disabled and retired.</p>	<p><b>Independent Living Tax Credit</b>            - Marylanders can get a state tax break for making their home handicap accessible. The expenses must be certified as legitimate by the Maryland Department of Housing and Community Development.</p>

This is not legal advice. To get free legal help visit:

[WWW.MVLSLAW.ORG/FREE-LEGAL-HELP/](http://WWW.MVLSLAW.ORG/FREE-LEGAL-HELP/)

Or call intake between 9 a.m. and 12 p.m. on Monday through Thursday at 1(800) 510-0050 or (410) 547-6537