

Don't Overlook These Valuable Credits:

- **Earned Income Tax Credit (EITC):** The Earned Income Tax Credit (EITC) helps low- and moderate-income workers and working families. Working families with incomes below \$39,783 and childless workers with incomes under \$14,590 often qualify. Ordinarily, you must have earned income as an employee, independent contractor, farmer or business owner. Some disability retirees are also eligible.
- **Child Tax Credit:** If you have a dependent child under age 17 you probably qualify for the child tax credit. This credit, which can be as much as \$1,000 per eligible child, is in addition to the regular \$3,400 exemption you can claim for each dependent. Don't confuse the child tax credit with the child care credit.
- **Credit for Child and Dependent Care Expenses:** If you pay someone to care for your child so you can work or look for work, you probably qualify for this credit. Normally, your child must be your dependent and under age 13. Though often referred to as the child care credit, this credit is also available if you pay someone to care for a spouse or dependent, regardless of age, who is unable to care for himself or herself. In most cases, you need to obtain the care provider's social security number or taxpayer identification number and enter it on your return.
- **Education Credits:** The Hope credit and the lifetime learning credit help parents and students pay for post-secondary education. Normally, you can claim tuition and required enrollment fees paid for your own, as well as your dependents' college education. The Hope credit targets the first two years of post-secondary education, and an eligible student must be enrolled at least half time. You can take the lifetime learning credit, even if you're only taking one course. In some cases, you may do better by claiming the tuition and fees deduction, instead. You cannot take both an education credit and the tuition and fees deduction for the same student in the same year. Special rules, including income limits, apply to each of these tax breaks.
- **Saver's Credit:** The saver's credit helps low-and moderate-income workers save for retirement. You probably qualify if your income is below certain limits and you contribute to an IRA or workplace retirement plan, such as a 401(k). Income limits for 2007 are \$26,000 for singles and married filing separately, \$39,000 for heads of household and \$52,000 for joint filers.
- **Energy-Saving Tax Credits:** You can take a credit based on what you spend on various energy-saving improvements made to your main home. New energy-efficient improvements qualify, including insulation, exterior windows, exterior doors, water heaters, heat pumps, central air conditioners, furnaces and hot water boilers.
- **Tax Credits Can Save You Money:** These credits can increase your refund or reduce the tax you owe. Usually, credits can only lower your tax to zero. But some credits, such as the EITC and the child tax credit, can actually exceed your tax. Though some credits are available to people at all income levels, others have income restrictions. These include the EITC, saver's credit, education credits and child tax credit.