Parents: Claim all the tax credits you're entitled to

Raising a family comes with plenty of expenses, but it may also make you eligible for various tax breaks. Some of the most valuable are tax credits, because they reduce your tax liability dollar for dollar (unlike deductions, which only reduce the amount of income subject to tax). Here's what you need to know.

Child, dependent and adoption credits

You may be eligible for one or more of these tax credits for families:

Child credit. The maximum child credit is $2,200 for 2025. You may be able to claim it for each qualifying child under age 17 at the end of 2025. The credit begins to phase out when 2025 modified adjusted gross income (MAGI) reaches $400,000 for married couples filing jointly and $200,000 for head of household filers. The credit is refundable up to $1,700 per qualifying child.

Credit for other dependents. You may be able to claim a credit of up to $500 for each qualifying dependent other than a qualifying child (such as a dependent child over the age limit or a dependent elderly parent). This credit is subject to the same income-based phaseout as the child credit, but it's not refundable.

Child and dependent care credit. For children under age 13 or other qualifying dependents, you may be eligible for a credit for a portion of your 2025 dependent care expenses. For middle-income-and-higher taxpayers, the credit generally equals 20% of the first $3,000 of qualified 2025 expenses for one child or 20% of up to $6,000 of such

expenses for two or more children. So, the maximum 2025 credit for these taxpayers generally will be $600 for one child or $1,200 for two or more children. But you can't claim the credit for expenses reimbursed through an employer-sponsored child and dependent care Flexible Spending Account.

Adoption credit. If you incurred eligible adoption expenses in 2025, you may qualify for the adoption credit. The maximum credit per child is $17,280 for 2025. It begins to phase out at MAGI of $259,190, regardless of filing status. New for 2025, up to $5,000 of the credit is refundable. Any nonrefundable portion can be carried forward for up to five years.

Higher education credits

If you had a child in college in 2025, you may be eligible for one of these credits:

American Opportunity credit. This credit covers 100% of the first $2,000 of tuition and related expenses and 25% of the next $2,000 of expenses. The maximum credit, *per student*, is $2,500 per year for the first four years of postsecondary education in pursuit of a degree or recognized credential.

Lifetime Learning credit. If you paid postsecondary education expenses that don't qualify for the American Opportunity credit, check whether you're eligible for this credit (up to $2,000 *per tax return*).

Both a credit and a tax-free Section 529 savings plan or Coverdell Education Savings Account distribution can be taken as long as expenses paid with the distribution aren't used to claim the credit. However, income-based phaseouts also apply to these credits. They begin to phase out at MAGI of $160,000 for joint filers and $80,000 for heads of household. If you don't qualify for one of the credits on your tax return because your income is too high, your child might.

Maximize your tax savings

Child, dependent, adoption and education tax credits can provide significant tax savings, but the rules are complex. If you'd like help determining which family-related credits you may qualify for on your 2025 return, contact us. We can help ensure you maximize your tax savings from these and other tax breaks you're eligible for.

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