

Four Credits That Can Pay You at Tax Time

You might be eligible for a valuable tax credit. A tax credit is a dollar-for-dollar reduction of taxes owed. Some credits are even refundable, which means you might receive a refund rather than owe any taxes at all. Here are four popular tax credits you should consider before filing your 2010 Federal Income Tax Return:

1. **The Earned Income Tax Credit** is a refundable credit for certain people who work and have earned income from wages, self-employment or farming. Income, age and the number of qualifying children determine the amount of the credit. EITC reduces the amount of tax you owe and may also give you a refund. For more information see IRS Publication 596, Earned Income Credit.
2. **The Child and Dependent Care Credit** is for expenses paid for the care of your qualifying children under age 13, or for a disabled spouse or dependent, to enable you to work or look for work. For more information, see IRS Publication 503, Child and Dependent Care Expenses.
3. **The Child Tax Credit** is for people who have a qualifying child. The maximum amount of the credit is \$1,000 for each qualifying child. This credit can be claimed in addition to the credit for child and dependent care expenses. For more information on the Child Tax Credit, see IRS Publication 972, Child Tax Credit.
4. **The Retirement Savings Contributions Credit**, also known as the Saver's Credit, is designed to help low-to-moderate income workers save for retirement. You may qualify if your income is below a certain limit and you contribute to an IRA or workplace retirement plan, such as a 401(k) plan. The Saver's Credit is available in addition to any other tax savings that apply. For more information, see IRS Publication 590, Individual Retirement Arrangements (IRAs). There are other credits available to eligible taxpayers. Since many qualifications and limitations apply to the various tax credits, taxpayers should carefully check their tax form instructions, the listed publications and additional information available at IRS.gov. IRS forms and publications are also available by calling 800-TAX-FORM (800-829-3676).