

Subject Minnesota child credit established

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Overview

H.F. 1369 establishes a refundable child credit. The credit would equal \$3,000 for each qualifying child ages 0-5 and \$1,000 for each qualifying child ages 6-17. The credit would be phased out based on the taxpayer's income.

The bill additionally requires the Department of Revenue to establish a process through which taxpayers could receive advance payments of the credit.

Summary

Section	Description
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1	Minnesota child credit.
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Subd. 1. Definitions. Defines "qualifying child" based on the definition used for the federal child credit. Defines "young child" as a qualifying child ages 0-5.

Subd. 2. Credit allowed. Allows a child credit of \$3,000 for each young child of the taxpayer and \$1,000 for each child of the taxpayer ages 6-17.

The credit is phased out by 10% of adjusted gross income in excess of \$150,000 (for married joint returns), \$112,500 (for head of household returns), or \$75,000 (for other returns).

Subd. 3. Credit refundable. Provides that the credit is refundable, appropriates an amount needed for the refunds.

Subd. 4. Advance payment of tax credits. Requires the Department of Revenue to allow taxpayers to elect to receive six periodic advance payments of the tax credit under this section. Reduces the amount of the credit allowed on the taxpayer's return by the amount of the advance payments made. If a taxpayer receives more credits than they are eligible to receive based on their income, the taxpayer must repay the difference in additional tax.

Effective for tax year 2023 and later.



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