

Expanded child tax credit: Where it stands, when to file



Sidewalk art near Capitol Hill asks lawmakers to expand the Child Tax Credit, legislation that has been approved in the U.S. House and stalled in the Senate. Credit: Getty Images for MomsRising/Paul Morigi

By Laura Figueroa

[Hernandezlaura.figueroa@newsday.com](mailto:laura.figueroa@newsday.com)@[Laura_Figueroa](https://www.newsday.com/author/laura-figueroa) Updated February 19, 2024 10:35 am

SHARE

WASHINGTON — A \$33 billion expansion of the federal child tax credit passed last month by the U.S. House would boost tax refunds for thousands of families across Long Island, but the plan still must be approved by the U.S. Senate, where its fate is unclear.

Parents and guardians of more than 21,000 children in Nassau County, and 27,700 children in Suffolk County, would be covered by the expanded credit, according to data provided to Newsday by the office of Sen. Kirsten Gillibrand (D-N.Y.).

Gillibrand, like many proponents of the expansion, said the legislation would move millions of children out of poverty, noting that a pandemic-era

expansion of the credit helped cut poverty rates before it expired in 2021. More than 2.9 million children were lifted out of poverty due to the expansion, according to a May 2023 study by the U.S. Census Bureau.

“The Child Tax Credit is a lifeline for working families and one of the best tools we have for fighting childhood poverty,” Gillibrand told reporters on Feb. 8.

WHAT TO KNOW

- **An expansion of the federal child tax credit** passed by the U.S. House would result in an increased tax refund for thousands of families across Long Island.
- **For the 2023 tax year**, the maximum refund would increase to \$1,800. For the 2024 tax year, it would increase to \$1,900, and a year later it would rise to \$2,000.
- **The bill is stalled in the Senate.** Financial experts recommend parents file their 2023 taxes as they normally would, and amend them if the Senate approves the changes.

The child poverty rate has more than doubled nationwide since the credit expired, according to an analysis by the nonpartisan Center on Budget and Policy Priorities. The study found the nation's poverty rate increased from 5.2% in 2021 to 12.4% in 2022.

Sign up for the NewsdayTV newsletter

From breaking news to special features and documentaries, the NewsdayTV team is covering the issues that matter to you.

SIGN UP

By clicking Sign up, you agree to our [privacy policy](#).

The House passed a sweeping \$79 billion tax bill on Jan. 29, with rare bipartisan support in a 357-70 vote. The bill, negotiated by House Ways and Means Committee chairman Jason Smith (R-Mo.) and U.S. Sen. Ron Wyden (D-Ore.), chairman of the Senate Finance Committee, includes the expanded child tax credit and business tax cuts for research and development.

Some Senate Republicans have argued the tax bill should go through the committee process rather than directly to the floor for debate.

Senate Majority Leader Chuck Schumer (D-N.Y.), a backer of the expanded child tax credit, said he is working to determine the “best way forward” on the overall tax bill, which needs Republican votes in order to pass the chamber with a 60-vote filibuster-proof majority.

Here’s what we know about the proposed child tax credit:

What would the expansion look like?

For those filing their income taxes for 2023, the maximum tax credit per child under the age of 17 is \$2,000, and only a portion of that — \$1,600 — is refundable if a filer does not owe taxes.

If approved by the Senate and signed into law by President Joe Biden, the expanded credit would increase the maximum refundable amount.

For the 2023 tax year, the maximum refund would be \$1,800. It would be \$1,900 for 2024 and \$2,000 for 2025. Refunds for those years would be adjusted for inflation, which could boost credits by \$100, based on the rate of inflation, according to tax experts.

To qualify for the expanded credit, married joint filers would need a modified adjusted gross income of \$400,000 or less, while the income limit for single filers would be \$200,000.

The legislation is intended to help low- to moderate-income earners who in the past have not met the income requirement to qualify for refunds. Families must earn at least \$2,500 to qualify for the refund. Under the proposed changes, filers for 2024 and 2025 could choose to use their current income or the prior year’s to meet the \$2,500 requirement.

Jeffrey L. Reynolds, president and CEO of the Family and Children's Association, a Garden City-based nonprofit with social service programs for low-income families, noted the expanded child tax credit helped families meet everyday needs during the pandemic. The 2021 expansion, passed as

part of a federal COVID-19 relief package, boosted the credit to \$3,600 for each child 5 and under, and \$3,000 for children ages 6 to 17.

“The expanded child tax credit didn't necessarily lift kids and families out of poverty during COVID because there were so many economic forces working against them, but it did put real money back in parents' pockets to help buy food, clothing and school supplies as their kids struggled with anxiety, depression and learning loss,” Reynolds told Newsday.

“Those same economic forces remain today, and with everything costing more – especially here on Long Island – this is the very least Congress should do to help the working poor,” he said.

Should parents wait to file?

With the tax changes still not scheduled for a vote in the Senate, experts recommend parents file their 2023 taxes as they normally would, with amendments if the Senate approves the changes.

If possible, “It's worthwhile to wait a few weeks, but I really wouldn't hold your breath to make sure that the stars align and there's going to be legislation,” said **Joseph Perry**, a Melville-based national tax consultant with Marcum LLP, a financial services firm.

Perry continued: “Based on the uncertainty, those folks that need the money and [are] ready to file ... they should file as soon as possible and then do an amended return.”

Craig Petrella, a certified public accountant in Massapequa, said he's been encouraging tax filers to “file as you normally would. We don't know when this is going to happen – the vote could happen this week, it could happen over the summer. Even if it passes, then the question becomes how long is it going to take the IRS to enact it? It's not like it passes and the next day it's gonna go. It takes a couple of weeks.”

Where do things stand in the Senate?

The \$79 billion tax bill is stalled in the Senate. Wyden, who helped craft the legislation with Smith, the House Ways and Means chair, has said he was working to convince Senate Republicans with reservations about the plan, emphasizing its support for businesses seeking to invest in research and development.

“We got kids that need diapers and shoes and paying for essentials, small businesses that are trying to compete with China,” Wyden told reporters on Capitol Hill this month. “I gotta say, ‘Get on with it, get it done.’ ”

The White House has said Biden would sign the tax plan if Congress approves it. But Sen. Chuck Grassley (R-Iowa), former chairman of the Senate Finance Committee, told the news outlet *Semafor* last month he opposed the tax bill because it could boost Biden’s reelection bid against former President Donald Trump, the front-runner for the GOP presidential nomination.

“Passing a tax bill that makes the president look good ... means he could be reelected, and then we won’t extend the 2017 tax cuts,” Grassley said, referring to the tax bill passed by Congress and signed by Trump that lowered the corporate tax rate and set a \$10,000 cap on state and local tax (SALT) deductions.