

Got Kids? IRS Wants You to Celebrate Christmas in July

By Wayne M. Davies

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You may find this hard to believe, but if you have children under age 17, you may receive a check from the IRS this summer. No kidding!

A new tax law was passed in May 2003 that is designed to put more money in your pocket -- immediately.

If you have children under age 17, you are probably familiar with the child tax credit. For 2002, you got \$600 for each cherub, assuming your income was under \$110,000 if you were married filing jointly, \$55,000 if married filing separately, and \$75,000 for everyone else.

Well, this tax credit has been increased to \$1,000 for 2003. And the politicians have decided to send you the \$400 increase now!

The Treasury Department will begin mailing checks on July 25. These checks will cover eligible taxpayers who filed their 2002 return by April 15. So if you haven't filed your 2003 return yet, then you probably won't get your check according to the schedule below.

You do not have to do anything to get this "advance payment" of the child tax credit. The Treasury Department will perform all the calculations and automatically mail a notice and a check to each eligible taxpayer.

The checks will be based on the child tax credit claimed on your 2002 tax return. Prior to receiving the check, the IRS will send you a notice informing you of your payment amount. Be sure to hold on to this notice -- you'll need it when preparing your 2003 income tax return, because the check amount you receive this summer will affect the calculation of the child tax credit on your 2003 return.

Here's the schedule for the mailing of the checks, which will be sent according to the last two digits of your social security number:

- 00-33 : checks mailed July 25, 2003
- 34-66 : checks mailed August 1, 2003
- 67-99 : checks mailed August 8, 2003

So that's the good news, parents! Just for having children, the government is sending you money. Imagine that.

Now, in case you have further questions about this new law, the IRS has plenty of information on its website.

For details on some of the finer points such as eligibility requirements, visit:

<http://www.irs.gov/newsroom/article/0,,id=109812,00.html>

For answers to frequently asked questions, visit:

<http://www.irs.gov/newsroom/article/0,,id=109811,00.html>

The IRS has detailed answers to the following questions at the above web page:

-- How do I find out if I'm eligible?

-- I moved since filing my 2002 return -- how will my check reach me?

-- I have not filed my 2002 return yet -- do I still qualify for the payment?

-- What happens if my child was 16 in 2002 but turns 17 in 2003?

-- My spouse and I have divorced and the check is made out to both of us -- what do we do?

-- What happens if I receive a check that's larger than the child tax credit I'm entitled to receive on my 2003 return?

-- What if I'm eligible but don't receive a check?

-- If I receive the check will I get a smaller refund than last year?

-- I'm eligible for the check, but I still owe federal income tax from last year. Will I still get the check?

Merry Christmas, parents.

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Wayne M. Davies is author of the new eBook, "The Tax
Reduction Toolkit: 29 Little-Known Legal Loopholes That Will
Reduce Your Taxes By Thousands (For Small Business Owners
and Self-Employed People Only!) Don't file another tax
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