

REVIEW QUESTIONS**SESSION 6 – NONREFUNDABLE CREDITS**

Example 1 – Archie and Tina Reynolds are married and always file Married Filing Jointly. Archie earned \$32,000 in wages and Tina earned \$24,000 in wages. The Reynolds paid all the cost of keeping up a home and provided all the support for their two children, Laura and Timothy, who lived with them all year. Laura is 12 years old, and Timothy turned 17 in November 2022. The Reynolds paid Timothy \$2,000 during the year to watch Laura after school while they were working.

Questions

1. Which of the Reynolds children qualifies for the child tax credit (CTC)?
 - a. Laura
 - b. Timothy
 - c. Laura and Timothy
 - d. Not eligible for CTC.
2. Which of the Reynolds children qualifies for the Other Dependent Credit?
 - a. Laura
 - b. Timothy
 - c. Laura and Timothy
 - d. Not eligible for ODC.
3. Do the Reynolds qualify to take the Child and Dependent Care Credit?
 - a. Yes
 - b. No

Example 2 – Bill Trask is married and has a 7-year-old daughter Veronica. He and his wife, Tammy, voluntarily separated at the end of 2021. They plan on seeking a divorce in early 2023 but they have not yet gone to court concerning the separation or divorce. They refuse to file a joint return and Bill has no intention of signing Form 8332. Bill had custody of Veronica for all of 2022 other than one weekend a month when Veronica stayed with Tammy. Following the separation, Bill and Veronica moved in with Bill's parents. Bill provided less than half the costs of maintaining his parent's home. Bill's parents were retired, and Bill had a higher AGI than his parents for 2022.

Questions

1. What is Bill's most advantageous filing status?
 - a. Single
 - b. Married Filing Separately
 - c. Head of Household
2. Who is allowed to claim the CTC with respect to Veronica?
 - a. Veronica
 - b. Bill
 - c. Bill's Parents
 - d. No one can claim the CTC for Veronica

Example 3 –

Nick and Shirley Freeman had to replace the heat pump in their home this year. They paid \$8,000 for the new heat pump, which they tell you was a 14-SEER unit. They're not sure if they got anything from the seller saying if it qualifies for the credit but they say they know it's very energy efficient. They previously claimed a \$300 credit in 2010 for new windows and an exterior door they had to replace.

Questions

1. Assuming the heat pump qualifies for the credit, what is the maximum credit they could claim for 2022?
 - a. \$150
 - b. \$200
 - c. \$300
 - d. \$500
2. Based on the facts does the heat pump qualify for the energy credit?
 - a. Yes
 - b. No