



OKLAHOMA
Tax Commission

OKLAHOMA CHILD TAX CREDIT

68 O.S. § 2357

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TAX POLICY & RESEARCH DIRECTOR

OVERVIEW



- Oklahoma Child Tax Credit
- Federal Credits:
 - Child Tax Credit and Child/Dependent Care Tax Credit
- Oklahoma tax data
 - Total filers claiming credit
 - Info by AGI level
 - Info by filing status
 - Info by deduction type

OKLAHOMA CHILD TAX CREDIT – 68 O.S. § 2357



- ❖ Beginning in 2008, Oklahoma income tax credit for a % of the federal credits
 - The greater of:
 - 5% of the **child tax credit** allowed on federal return (equates to approx. \$100 per child)
 - 20% of **childcare expenses** allowed on federal return
 - Non-refundable

- ❖ **Eligibility**
 - File as a resident, part-year resident, or non-resident military
 - Adjusted Gross Income of \$100,000 or less
 - Have claimed credit on federal return for a qualifying child or expenses

CLAIMING THE CREDIT



- ❖ Credit claimed on income tax return
- ❖ Non-refundable
- ❖ Calculate on Schedule 511-F
- ❖ Amount transferred to the Form 511 or Form 511-NR

Schedule 511-F: Child Care/Child Tax Credit (See instructions on page 25.)

If your Federal Adjusted Gross Income is \$100,000 or less and you are allowed either a credit for child care expenses or the child tax credit on your Federal return, you are allowed a credit against your Oklahoma tax. Your Oklahoma credit is the **greater** of:

- 20% of the credit for child care expenses allowed by the IRS Code.
- or
- 5% of the child tax credit allowed by the IRS Code.
This includes both the nonrefundable child tax credit and the refundable additional child tax credit.

The credit must be prorated based on the ratio of Oklahoma Adjusted Gross Income to Federal Adjusted Gross Income. If your Federal Adjusted Gross Income is greater than \$100,000, no credit is allowed. Provide a copy of your Federal return and, if applicable, the Federal child care credit schedule.

1	Enter your Federal child <u>care</u> credit.....	1		00
2	Multiply line 1 by 20%	2		00
3	Enter your Federal child <u>tax</u> credit (total of child tax credit & additional child tax credit)	3		00
4	Multiply line 3 by 5%	4		00
5	Enter the larger of line 2 or line 4	5		00
6	Divide the amount on line 7 of Form 511 by the amount on line 1 of Form 511 <div style="display: flex; align-items: center; justify-content: center; margin: 5px 0;"><div style="border: 1px solid black; width: 150px; height: 25px; margin-right: 5px;"></div><div style="font-size: 20px; margin: 0 10px;">÷</div><div style="border: 1px solid black; width: 150px; height: 25px; margin-left: 5px;"></div></div> Enter the percentage from the above calculation here (do not enter more than 100%)	6		%
7	Multiply line 5 by line 6. This is your Oklahoma child care/child tax credit. Enter total here and on line 15 of Form 511.....	7		00

FEDERAL CREDITS



❖ Federal Child Tax Credit

- \$2,000 per dependent
 - Increases with OBBBA to \$2,200 for tax year 2025
(Approx. \$10 increase per child for Oklahoma taxpayer)
- Annual income max of \$200,000(single)/\$400,000(joint)
 - Income phase-out (credit decreases as income increases)

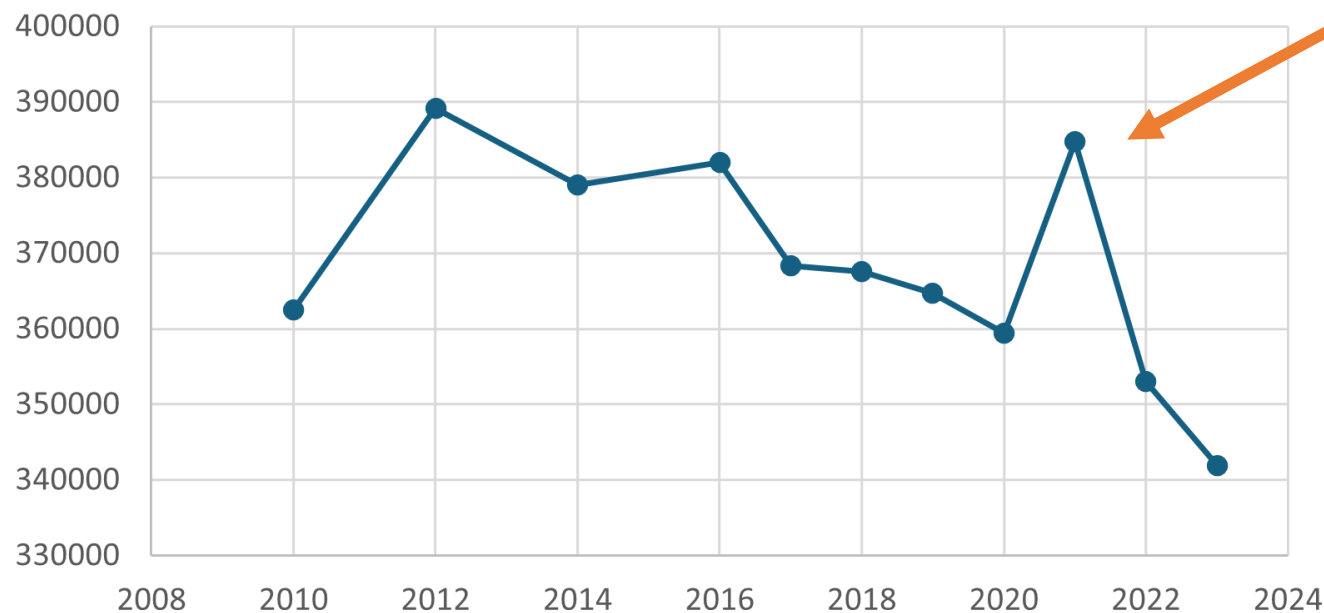
❖ Federal Child and Dependent Care Credit

- Credit for expenses paid for care of child/dependent
- Max credit is generally \$1,050 for one dependent or \$2,100 for more than one
 - Calculated based on expenses and income
 - % decreases as income increases

HOW MANY TAXPAYERS CLAIM THE CREDITS?



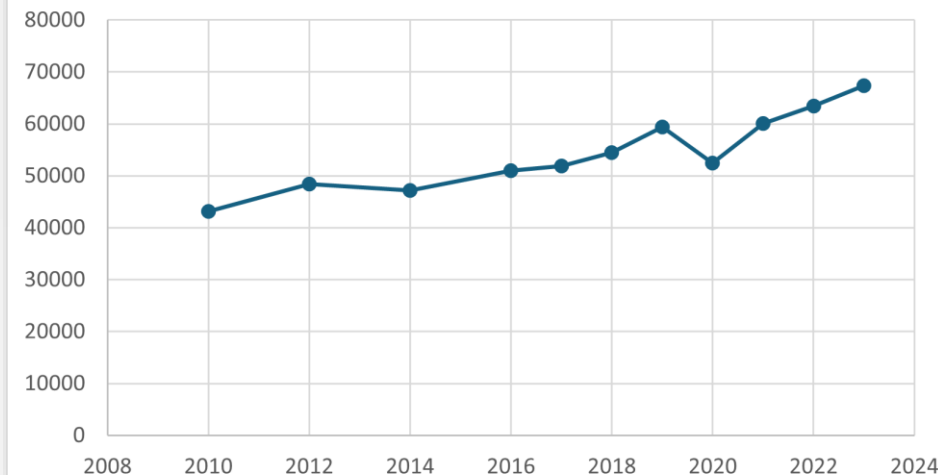
NUMBER OF INCOME TAX FILERS CLAIMING CHILD TAX/CHILDCARE CREDITS



Increase in 2021 due to one-time increase in the amount allowed at the federal level from the standard \$2,000 to \$3,000/\$3,600. In 2022, the credit reverted to the standard amount pre-2021.

Source: U.S. Census Bureau via FRED®

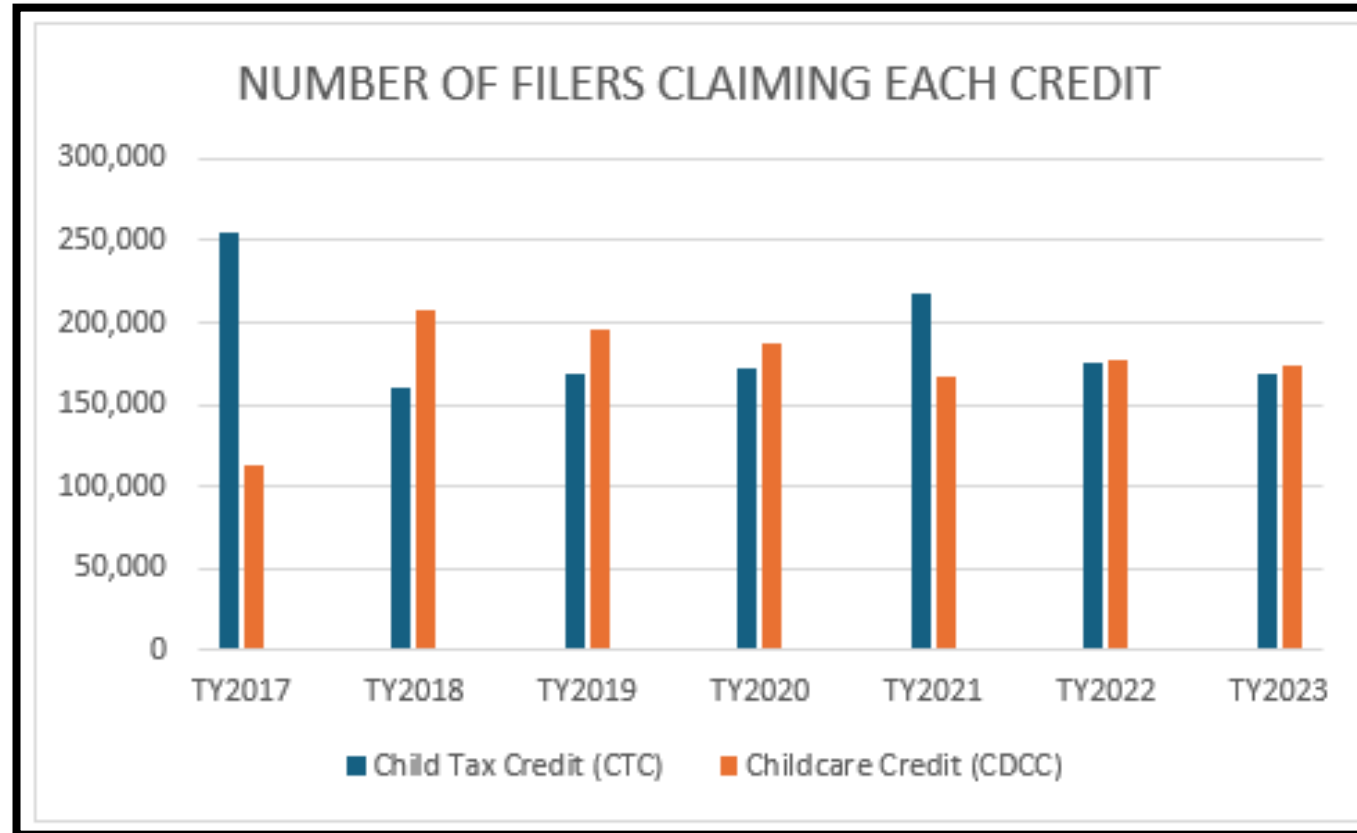
OKLAHOMA MEDIAN HOUSEHOLD INCOME



Source: Oklahoma Tax Commission Expenditure reports; Oklahoma Tax Commission Individual Income Tax Microsimulator

2010	2012	2014	2016	2017	2018	2019	2020	2021	2022	2023
362,470	389,119	378,993	381,959	368,354	367,529	364,659	359,387	384,759	353,024	341,833

HOW MANY TAXPAYERS CLAIM EACH CREDIT?



Source: Oklahoma Tax Commission Individual Income Tax Microsimulator

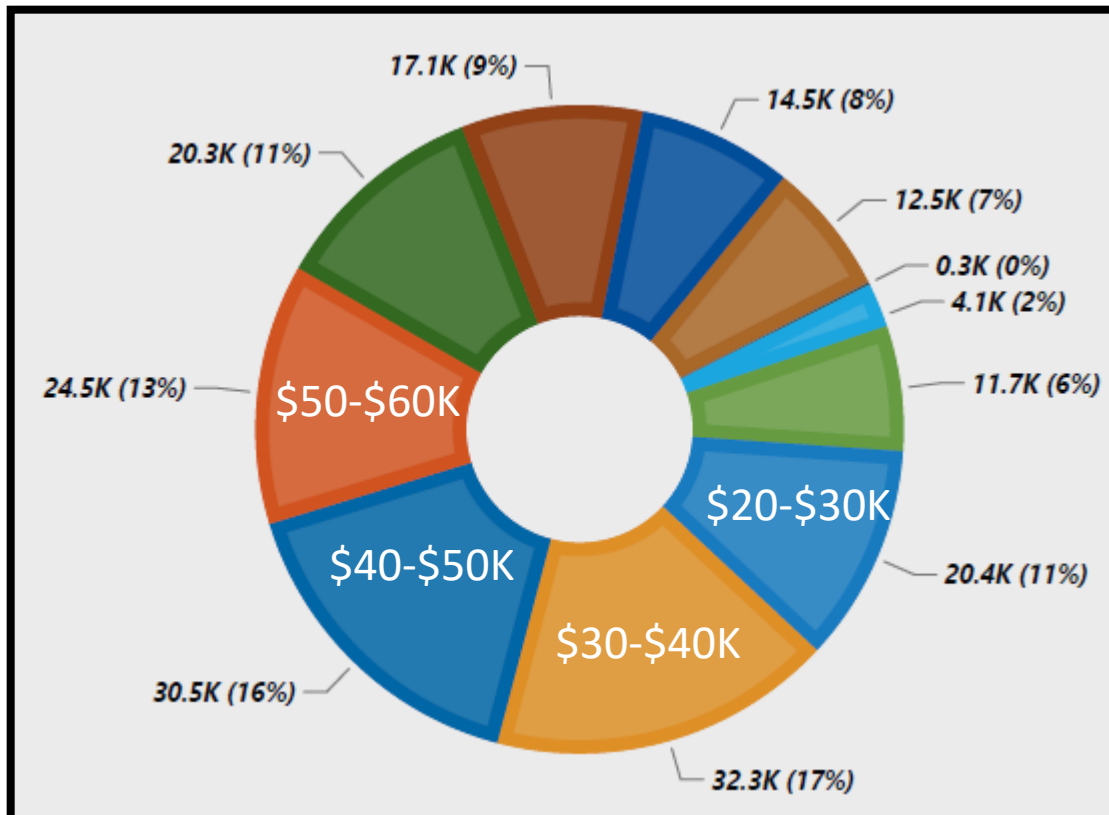
TY	TY2017	TY2018	TY2019	TY2020	TY2021	TY2022	TY2023
Child Tax Credit (CTC)	255,657	159,401	169,118	172,090	217,369	175,556	167,884
Childcare Credit (CDCC)	112,697	208,128	195,541	187,297	167,390	177,468	173,949
Total	368,354	367,529	364,659	359,387	384,759	353,024	341,833

AVG. NUMBER OF FILERS BY FEDERAL AGI LEVEL

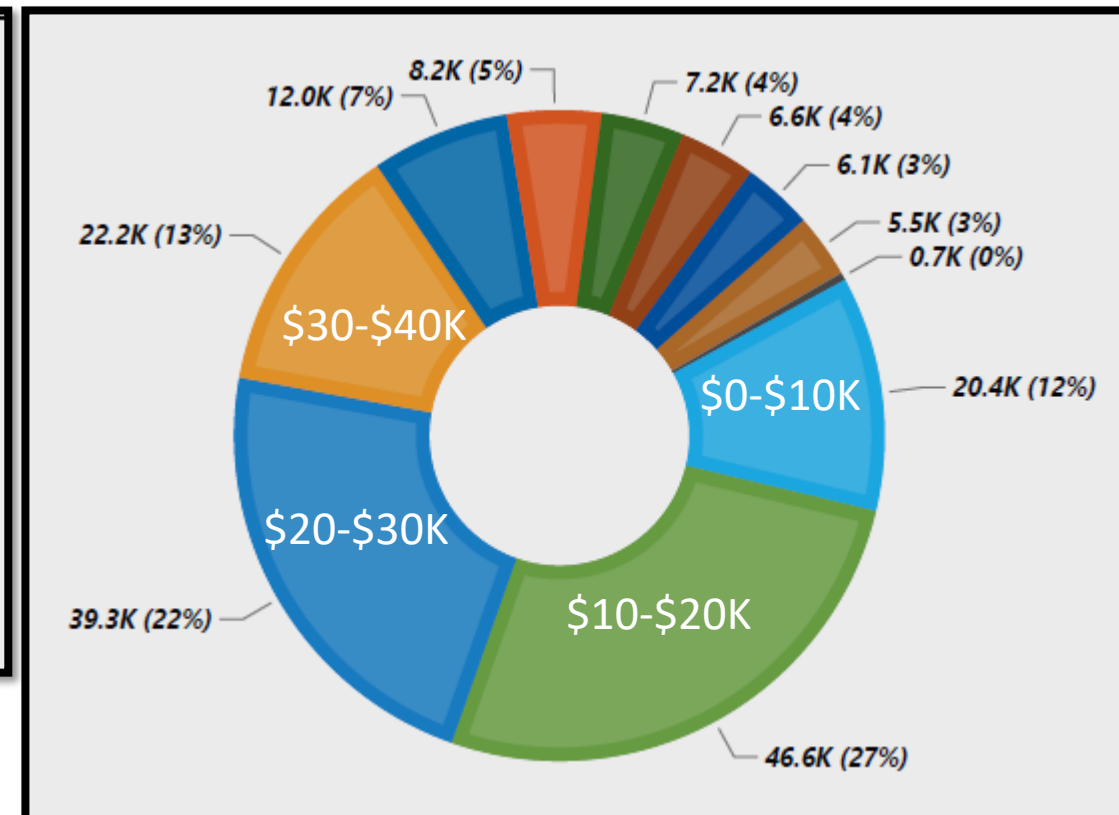


Average number of taxpayers claiming the Child Tax Credit or the Child/Dependent Care Credit from 2017 to 2023.

Child Tax Credit



Child/Dependent Care Credit



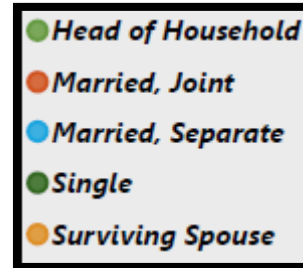
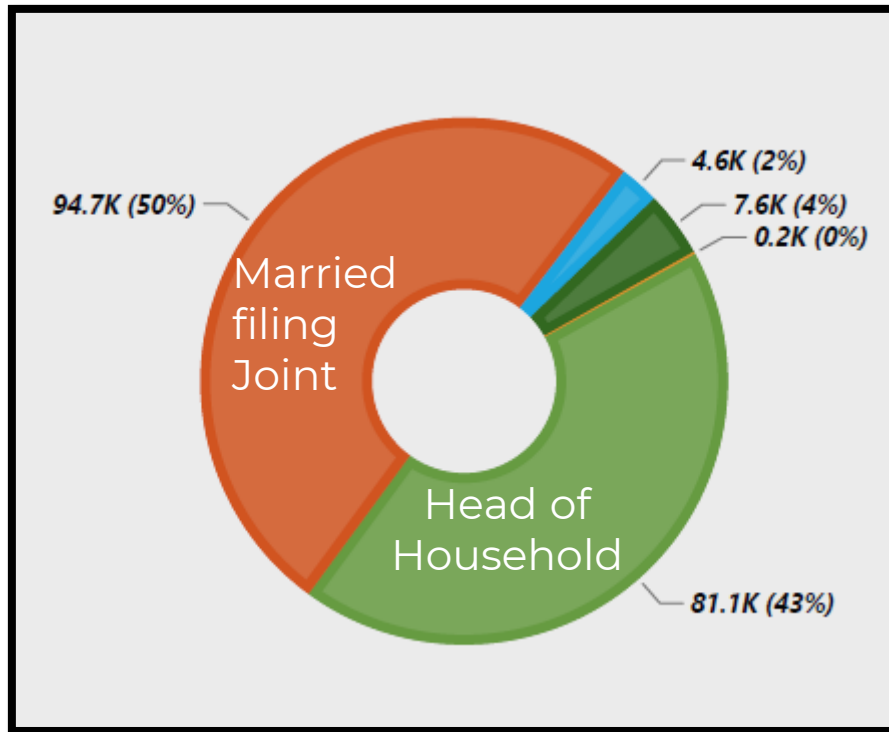
Source: Oklahoma Tax Commission Individual Income Tax Microsimulation Model

AVG. NUMBER OF FILERS BY FILING STATUS

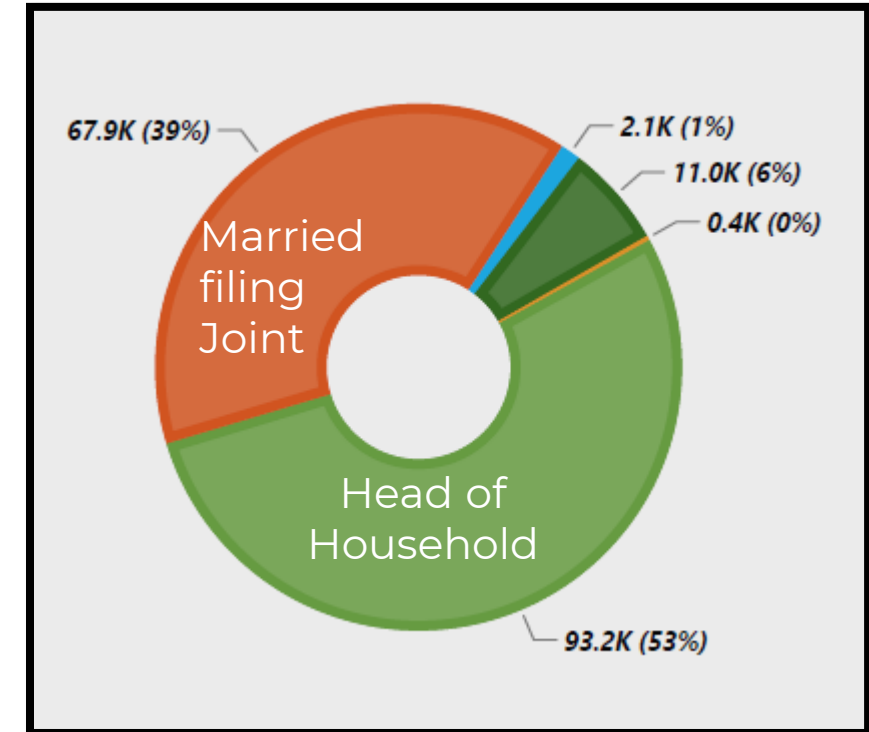


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Child Tax Credit



Child/Dependent Care Credit



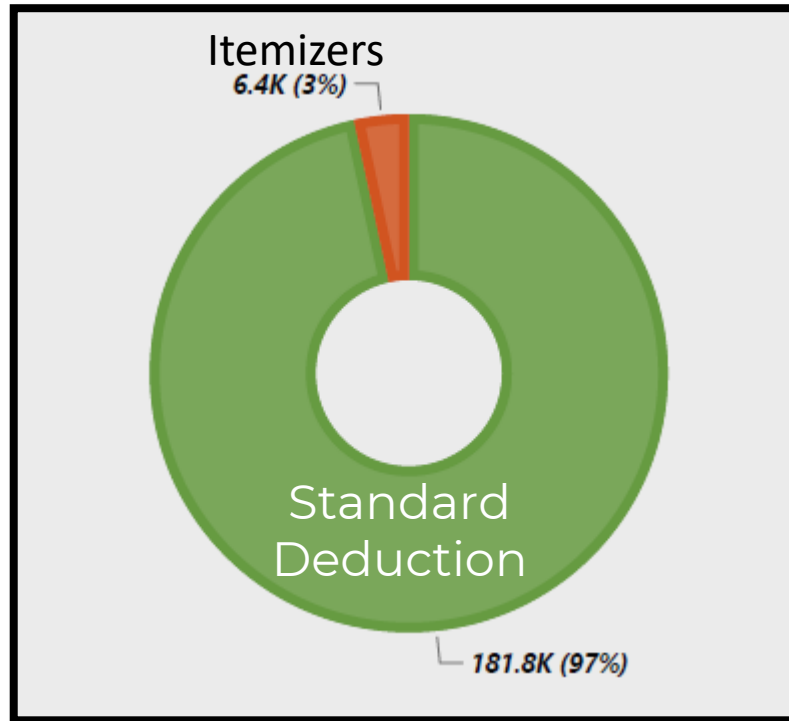
Source: Oklahoma Tax Commission Individual Income Tax Microsimulation Model

AVG. NUMBER OF FILERS BY DEDUCTION TYPE

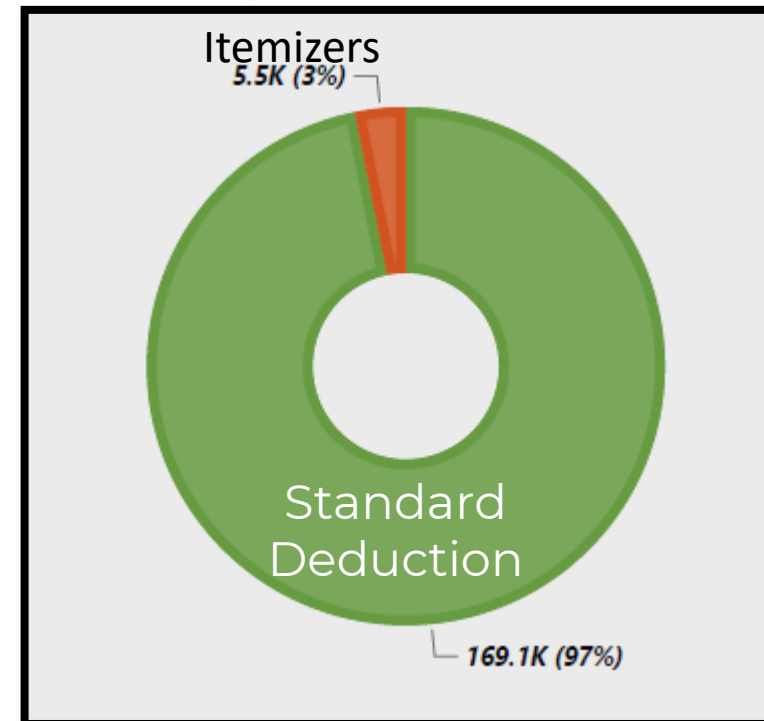


Average number of taxpayers claiming the Child Tax Credit or the Child/Dependent Care Credit from 2017 to 2023.

Child Tax Credit



Child/Dependent Care Credit



Source: Oklahoma Tax Commission Individual Income Tax Microsimulation Model



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QUESTIONS?

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