

## **Why Some Taxpayers Might See Smaller Tax Refunds This Year - Tax Planning**

Some taxpayers will likely receive a significantly smaller refund compared with the previous tax year. Changes include amounts for the Child Tax Credit (CTC), the Earned Income Tax Credit (EITC), and the Child and Dependent Care Credit which will revert to pre-COVID levels.

For 2022, the CTC is worth \$2,000 for each qualifying child. A child must be under the age of 17 at the end of 2022 to be a qualifying child. For the EITC, eligible taxpayers with no children may get \$560 for the 2022 tax year.

Tax credits and deductions can affect the amount of tax owed, so the amount of taxes owed might be reduced for certain taxpayers. Tax credits allow certain taxpayers to subtract the amount of the credit they have accrued from the total owed. A tax deduction is distinctive from a tax credit in that it lowers taxable income and thus reduces tax liability.

Source: Internal Revenue Service

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