

Subject Child and working family credit; phaseout thresholds increased; childless adults made ineligible for the working family credit

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Overview

Current law allows taxpayers to claim a Minnesota child credit equal to \$1,750 per child ages 0-17. That credit amount is added together with a smaller credit for older children, and the working family credit, which is based on earned income. The maximum working family credit is \$379 in 2025.

The combined amount of all three credits is phased out at \$37,910 of adjusted gross income or earned income for married couples filing joint returns (\$31,950 for other filers).

H.F. 2197 increases the phaseouts for the credits to \$75,000 for married joint returns, and \$37,500 for other filers. The bill also disallows childless adults from claiming the working family credit based on income.

Summary

Section	Description
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|---|---|
| 1 | <p>Phaseout.</p> <p>Increases the phaseout for the child and working family credit to \$75,000 for married joint returns and \$37,500 for other returns.</p> <p>Effective for tax year 2025 and later.</p> |
| 2 | <p>Inflation adjustment.</p> <p>Sets the base year for inflation adjustments to 2025.</p> <p>Effective for tax year 2025 and later.</p> |

Section	Description
3	<p>Credit allowed.</p> <p>Disallows childless taxpayers from claiming the working family credit based on earned income. For tax year 2025, this credit equals four percent of the first \$9,480 of earned income, for a maximum credit of \$379.</p> <p>This section of the bill also makes technical changes that re-base the working family credit and credit for older children. The numbers in the bill are the amounts for tax year 2025 under current law.</p> <p>Effective for tax year 2025 and later.</p>
4	<p>Inflation adjustment.</p> <p>Sets the base year for working family credit inflation adjustments to 2025.</p> <p>Effective for tax year 2026 and later.</p>



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