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Better Guide Needed to Travel Through Maze of Child, Dependent Care Tax Credits

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The U.S. House of Representatives recently passed a bipartisan deal to expand the child tax credit. Though it still has to pass the Senate to be enacted, and has somewhat slim chances, it's a step in a direction that millions of taxpaying parents need, especially low-income families.

Like many seeing this announcement, I wondered how the new rules would impact my family. I realized that I didn't actually understand what the child tax credit is or how it really works. It's much more complex than what the name suggests. Then, I began to question how the other child and dependent care tax credits work. What about my employer-based dependent care flexible spending account?

Upon researching the various child tax benefits, I came away with an even bigger question. How does the average working family understand this stuff? How is claiming the child tax credit different from the additional child tax credit? Where does the earned income tax credit — with or without children — fit in? What about the child and dependent care tax credit versus the other dependent care credit? Let's not forget about my dependent care flexible spending account.