

Dependents

Pub 4012 – Tab C

Pub 4491 – Lesson 6

■ Personal Exemption Deduction Suspended

- Personal exemption amount reduced to \$0 for tax years 2018 – 2025
- \$4,150 exemption amount still in place for qualifying relative gross income test

■ Dependent Rules Unchanged

- Even though no exemption deduction 2018 – 2025, important for:
 - Deductions
 - Limited to expenses for taxpayer, spouse and dependents, e.g. medical
 - Credits
 - Limited to expenses for taxpayer, spouse and dependents, e.g. education credits

■ Claiming a Dependent

■ Two types of Dependents

- Qualifying child
 - Includes permanently and totally disabled adult
- Qualifying relative
 - Includes qualifying non-relative

■ Claiming a Dependent

- Taxpayer cannot claim individual as a dependent
 - If taxpayer/spouse can be claimed as a dependent by another taxpayer
 - Exception: if other person does not have to file, then taxpayer can claim dependents
 - Individual must be U.S. citizen or national, U.S. resident alien, or resident of Canada or Mexico
 - Individual cannot file MFJ
 - Exception: filing only to receive withholding or estimated payments

■ Qualifying Child

NTTC Tri-fold

- Four tests for qualifying child
 - **Support:** child cannot provide over half their own support
 - **Age:** under 19 or under 24 and full-time student **and** younger than taxpayer or spouse
 - Any age if permanently and totally disabled
 - **Relationship:** child, grandchild, brother, sister – descendants thereof and qualified foster child
 - **Residency:** child lived in home over 6 months

■ Qualifying Relative

NTTC Tri-fold

- Four tests for qualifying relative
 - **Residency or Relationship**
 - Residency: lived with taxpayer all year
 - Relationship: same as qualifying child plus – parent, grandparent, aunt or uncle
 - **Not the qualifying child** of another taxpayer
 - **Gross income** below exemption amount: \$4,150 for 2018
 - Taxpayer provided over half the **support** of individual

Qualifying Child of More than One Person

NTTC Tri-fold

- Tiebreaker rules: more than one taxpayer claims a child
 - Only one the parent, parent wins
 - Both parents claim child, custodial parent wins
 - Child in custody of both parents same amount of time, parent with higher AGI wins
 - None is parent, taxpayer with highest AGI wins

■ Child of Separated Parents

NTTC Tri-fold

- Form 8332 releases exemption to non-custodial parent
 - Does **not** allow non-custodial parent to file HoH, claim EIC or claim child / dependent care credit (CDC)
 - **Does** allow non-custodial parent to claim Child Tax Credit
 - Must be signed by custodial parent
 - Custodial parent may still file HoH, claim EIC or claim CDC
 - Form 8332 or pre-2009 divorce decree pages can be scanned and attached to return*

* Tax-Aide policy is not to mail Form 8453 – taxpayer should retain in case IRS asks for documents or details

■ Support

- Items included in support*
 - Food, lodging, clothing, education, medical and dental care, recreation, transportation, gifts, necessities
- Social Security benefits in child's name is income provided by child
- Welfare benefits considered income provided by parent

* Costs are after reimbursements or tax-free scholarships

■ Multiple Support

- Form 2120 Multiple Support Declaration required if
 - Several individuals together provide over 50% support
 - Considered individuals must provide at least 10% support
- Declaration states who may claim dependent
 - Individuals can vary year to year
 - Individuals providing at least 10% support decide among themselves who claims the dependent

■ Dependents

Questions?

Comments?