

## Legal Guardians

For parents who have assumed Subsidized Permanent Legal Custodianship (SPLC) or Permanent Legal Custodianship (PLC). The following special rules apply to guardians:

- Cost of care reimbursement and difficulty of care payments are not taxable income, and should not be reported on the caretaker's tax return.
- Expenses related to legal guardianship of a child are not eligible as charitable contributions. The IRS determined legal guardianship is similar to caring for your own child.
- A guardian child not related to you may be claimed as a dependent if the guardian provides for more than half of the child's support and the child lives in the caretaker's home for a full year. A guardian child related to you does not need to live with you all year.
- A child claimed as a dependent may also be a qualifying child for the Child and Dependent Care Credit, the Child Credit, and the Education Credits.
- A child placed by a public or private child welfare agency with a guardian can be a qualifying child for the Earned Income Tax Credit, if the child resides with the guardian for more than 6 months.

## Claims for Prior Years

If you learn about your eligibility for a tax benefit for the first time, you may be concerned about previous year's tax returns. Any taxpayer may file an amended return, Form 1040X, to correct errors in a prior year return. The IRS will issue refunds for amended returns **up to three years prior**. The deadline for filing an amended return that claims a refund for the 2007 tax year is April 15, 2011.

### Where to Find More Information

Publication 972 Child Tax Credit

Form 8839 Qualified Adoption Expenses

Or call: Call (800)829-1040



Together as Adoptive Parents, Inc. (TAP) is a nonprofit, adoptive, foster, and kinship parent support group. For information on when we meet and where, please contact us at 215.256.0669.

# 2010 Taxes

ADOPTION CREDIT

ADOPTION CREDIT

CHILD CREDIT

CHILD CREDIT

LEGAL GUARDIAN

LEGAL GUARDIAN

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# Adoption Tax Credit

Public Law 111-148, the Patient Protection and Affordable Care Act, was signed into law on March 23, 2010. Section 10909 of the Act extended the adoption tax credit for one more year (to December 31, 2011) and expanded the program in two ways: For tax year 2010, the amount of the credit is \$13,170.

The credit was made **refundable** for all types of adoption for tax years 2010 and 2011.

Because the adoption tax credit will be refundable, families who have smaller tax liability (low income) will now be able to benefit from the credit for adoptions finalized in 2010 and 2011.

For more information, see IRS form 8839, Qualified Adoption Expenses What determines a child with special needs in PA

**The adoption of a child with special needs does not require the taxpayer to have qualifying expenses.**

A child must meet **one** of the following Requirements in PA:

A physical, mental or emotional condition or handicap.

A genetic condition which indicates a high risk of developing a disease or handicap.

Be a member of a minority group.

Be a member of a sibling group that is placed together.

Be 5 years of age or older

Under age 18

# Child Tax Credit

The Child Tax Credit is \$1000, for the 2010 tax year, for each qualifying child.

Most families who can claim a child as a dependent should also be able to claim the child tax credit. This credit is in **addition** to the adoption tax credit, the credit for child and dependent care expenses, and the earned income tax credit.

Again, the IRS recognizes adopted children as the same as other legal children. To qualify for the child tax credit, a child must meet all of the following five criteria. The child must:

1. be your child (including eligible foster child) or sibling, or a descendant of your child or sibling (for example, your grandchild)
2. have been under age 17 at the end of the year
3. not provide over half of his or her own support for the calendar year
4. have lived with you for more than half of the calendar year
5. be a U.S. citizen, a U.S. national, or a resident of the United States (If you are a U.S. citizen or U.S. national and your adopted child lived with you all year, that child meets this condition.)

# Child Credit Continued

Generally, foster and adoptive parents and kinship caregivers who are eligible to claim a dependency exemption for a child under age 17 are also eligible to claim the Child Tax Credit. CTC is a non-refundable credit.

**For lower income foster and adoptive parents and kinship caregivers:**

The Child Tax Credit is “non-refundable” and is first used to reduce or eliminate any income tax owed. Families with earned income over \$3,000 may be able to get all or part of any remaining CTC as an additional refund.



The Child Tax Credit no longer affects eligibility for federal benefit programs such as TANF, Food Stamps, SSI, Medicare, or federal housing subsidies. Phase-out ranges apply, see IRS [Publication 972](#), Child Tax Credit, for more information or consult a tax professional.