

Information Regarding the Federal Adoption Tax Credit

As an adoptive parent(s), you may be able to take a tax credit for qualifying expenses paid to adopt an eligible child (including a child with special needs). The adoption credit is an amount subtracted from your tax liability. Although the credit generally is allowed for the year following the year in which the expenses are paid, a taxpayer who paid qualifying expenses in the current year for an adoption which became final in the current year, may be eligible to claim the credit on the current year return. The adoption credit is not available for any reimbursed expense. In addition to the credit, certain amounts reimbursed by your employer for qualifying adoption expenses may be excludable from your gross income.

Families who adopt a child with special needs from foster care can claim a federal adoption tax credit without needing to incur or document expenses. The per-child tax credit is \$11,650 for adoptions finalized in 2008, and \$12,150 for those finalized in 2009, and families have six years to use the entire credit.

To qualify for the credit without documenting expenses, families must:

- Have adopted a child with special needs from foster care and
- Have a modified adjusted gross income of a certain level.

Then to be able to use the credit, families must also have federal tax liability.

To claim the credit, you need to complete IRS Form 8839 in addition to filing your usual IRS Form 1040. You can find Form 8839 at www.irs.gov/pub/irs-pdf/f8839.pdf or by requesting it from 800-829-1040.

It is recommended that tax advisors should be consulted if more specific information is required. More information on the Adoption Tax Credit can also be obtained at the following websites:

- <http://www.irs.gov/taxtopics/tc607.html>
- <http://www.nacac.org/postadopt/taxcredit.html>

Signature(s):

Adoptive Parent

Date

Adoptive Parent

Date

*Information contained in this document was obtained from the Internal Revenue Service website <http://www.irs.gov/taxtopics/tc607.html> and the North American Council on Adoptable Children website <http://www.nacac.org/postadopt/taxcredit.html>.