The 2015 Adoption Tax Credit

If you adopted a child in 2015, you may be eligible for an adoption tax credit of up to $13,400 for each child you adopted. The tax credit can be used to reduce the amount you owe in federal income taxes.

WHO QUALIFIES?

- Taxpayers can qualify for the credit two ways:
  
  1. The taxpayer adopted a child with special needs.
     - Children who are adopted out of foster care and who receive adoption assistance benefits (such as AAP payments) are considered children with special needs.
     
     OR
  
  2. The taxpayer adopted a child and incurred qualifying expenses directly related to the adoption.
     - Qualifying expenses include reasonable and necessary adoption fees, such as court costs, attorney fees, and travel expenses directly related to the adoption of the child.

- Income Eligibility Criteria:
  
  1. Families with a federal modified adjusted gross income (modified AGI) of greater than $241,010.00 will not qualify for the Adoption Tax Credit.
  
  2. Families with a modified AGI between $201,010.00 and $241,010.00 will not qualify for the full credit but will be eligible for a smaller amount of credit, which is reduced as income goes up. Families with a modified AGI below $201,010 can claim the full credit, provided they meet the other eligibility criteria.

WHAT IS THE AMOUNT OF THE CREDIT I QUALIFY FOR?

- Assuming they meet income eligibility requirements, taxpayers who adopted a child with special needs are entitled to claim the full amount of the adoption credit without regard to any adoption-related expenses.

- Assuming they meet income eligibility requirements, taxpayers who adopted a child and who had qualifying adoption-related expenses can be credited for the amount that was spent on qualifying adoption-related expenses, up to the maximum amount of the credit.

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1 This flyer was last updated February 2015.
CLAIMING THE CREDIT:

- Taxpayers who adopt a child with special needs can claim the credit in the year the adoption became final.

- For taxpayers claiming the credit based on qualifying adoption-related expenses, the year in which the credit can be taken will depend on when the expenses were incurred.

- Taxpayers who claim the credit for 2015 will use what they can to offset any tax liability for 2015. Any remaining amount of the credit not used in 2015 can be carried forward for up to five additional years. So, even if you have no tax liability for 2015, claiming the credit could help offset future tax liability.

- To claim the credit taxpayers must attach a copy of Form 8839 to their tax return.

- Taxpayers should keep copies of supporting documentation such as the Adoption Order and AAP Agreement (or proof of qualifying adoption-related expenses) but these documents do not need to be included when filing.

HOW TO LEARN MORE?

- For more information, please contact a tax attorney, tax preparer, accountant, or the IRS (1-800-829-1040; www.irs.gov).

- Taxpayers can ask questions about how the tax law applies to their individual tax return by meeting with an IRS representative in person at their local Taxpayer Assistance Center (TAC). The number for the Los Angeles TAC is (213) 576-3009. For a list of TACs throughout the United States, see [http://www.irs.gov/uac/Contact-Your-Local-IRS-Office-1](http://www.irs.gov/uac/Contact-Your-Local-IRS-Office-1). To find the TAC closest to you, see [http://apps.irs.gov/app/officeLocator/index.jsp](http://apps.irs.gov/app/officeLocator/index.jsp) or call the IRS at 1-800-829-1040.

The information contained in this handout on the Adoption Tax Credit is for general information purposes only and is not legal advice. Readers should consult a tax attorney, accountant, tax preparer or other tax expert regarding their particular situation and tax return. This handout is not intended to be used, and may not be used, for the purpose of avoiding IRS penalties.
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