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10 Tax Benefits for Parents according to IRS

If you are a parent, here are 10 tax benefits you should not miss out on. The IRS has publications that explain each of these 10 tax benefits in detail.

1. IRS Publication 501 on Exemptions, Standard Deductions and Filing Information explains the Dependents tax credit. In most cases, this tax benefit allows you to claim on your child as a dependent the year they were born.
2. If you have children below the age of 17, you may claim for Child Tax Credit for each child. And if you do not benefit from the full amount of Child Tax Credit, check if you are eligible for the Additional Child Tax Credit. Refer to IRS Publication 972 – Child Tax Credit.
3. If you pay someone to take care of your child while you work or look for a job, you can claim for the Child and Dependent Care credit. This only applies if your child is under 13 years of age. For more information, refer to IRS Publication 503 on Child and Dependent Care Expenses.
4. Have you heard of the Earned Income Tax Credit (EITC)? This tax credit is for certain people who work and draw an income from wages, self-employment or farming. Your taxes will be reduced when you claim for

the EITC. The EITC may also give you a refund. Look up IRS Publication 596 for more information on this.

5. You can claim for Adoption credit on qualifying expenses made to adopt an eligible child. But note that you cannot file your tax return electronically if you wish to claim this credit. This is because adoption papers need to be filed together with your return, hence you should be paper filing. Check up the instructions for IRS Form 8839 – Qualified Adoption Expenses.

6. If you have college-aged children, you should check if you are eligible for the two education tax credits, namely The American Opportunity and the Lifetime Learning Credit. The unique thing about these educational credits is that they reduce your taxes dollar-for-dollar instead of reducing your taxable income like how other credits do. Refer to IRS Publication 970 – Tax Benefits for Education.

7. You may be able to deduct interest you pay on a student loan. You claim for this deduction by adjusting your income so you do not have to itemize your deductions. IRS Publication 970 also covers this tax benefit.

8. If your child is already working and earning an income, they would likely be required to file a tax return. See IRS Publication 501.

9. If your child has investment income, under certain circumstances, this income may be taxed at the parents' tax rate. Check out IRS Publication 929 on Tax Rules for Children and Dependents.

10. If you are self-employed and paid for health insurance you may be able to deduct your premiums paid for any of your children under the age of 27 years at the end of 2010, even if the child is not your dependent. But you must have made your payment after March 29, 2010. For more

information, check the IRS website, www.irs.gov.