

Ten Tax Benefits for Parents

Did you know that your children may help you qualify for some tax benefits? Here are 10 tax benefits the IRS wants parents to consider when filing their tax returns this year.

1. **Dependents** In most cases, a child can be claimed as a dependent in the year they were born. For more information see IRS Publication 501, Exemptions, Standard Deduction, and Filing Information.
2. **Child Tax Credit** You may be able to take this credit on your tax return for each of your children under age 17. If you do not benefit from the full amount of the Child Tax Credit, you may be eligible for the Additional Child Tax Credit. For more information see IRS Publication 972, Child Tax Credit.
3. **Child and Dependent Care Credit** You may be able to claim the credit if you pay someone to care for your child under age 13 so that you can work or look for work. For more information see IRS Publication 503, Child and Dependent Care Expenses.
4. **Earned Income Tax Credit** The EITC is a benefit for certain people who work and have earned income from wages, self-employment or farming. EITC reduces the amount of tax you owe and may also give you a refund. For more information see IRS Publication 596, Earned Income Credit.
5. **Adoption Credit** You may be able to take a tax credit for qualifying expenses paid to adopt an eligible child. Taxpayers claiming the adoption credit must file a paper tax return because adoption-related documentation must be included. For more information see the instructions for IRS Form 8839, Qualified Adoption Expenses.
6. **Children with Earned Income** If your child has income earned from working they may be required to file a tax return. For more information see IRS Publication 501.
7. **Children with Investment Income** Under certain circumstances a child's investment income may be taxed at the parent's tax rate. For more information see IRS Publication 929, Tax Rules for Children and Dependents.
8. **Higher Education Credits** Education tax credits can help offset the costs of education. The American Opportunity and the Lifetime Learning Credit are education credits that reduce your federal income tax dollar-for-dollar, unlike a deduction, which reduces your taxable income. For more information see IRS Publication 970, Tax Benefits for Education.
9. **Student loan Interest** You may be able to deduct interest you pay on a qualified student loan. The deduction is claimed as an adjustment to income so you do not need to itemize your deductions. For more information see IRS Publication 970.
10. **Self-employed health insurance deduction** If you were self-employed and paid for health insurance, you may be able to deduct any premiums you paid for coverage after March 29, 2010, for any child of yours who was under age 27 at the end of 2010, even if the child was not your dependent. For more information see the IRS website.