

Taxpayers Without Qualifying Children

Taxpayers who meet all the requirements and who do not have a qualifying child for the year, can claim EIC if the following additional requirements are met.

- **The taxpayer must be at least 25, but under age 65, at the end of 2017.**

If Married Filing Jointly, either taxpayer can meet the age test.

- **The taxpayer cannot be the dependent of another person.**
- **The taxpayer's principal place of abode is in the United States for more than half the year.** Residence in U.S. possessions, such as Guam and Puerto Rico, does not qualify.

Adoption Credit

Credit and Exclusion Amount

A taxpayer can claim a credit of up to \$13,570 (2017) and also exclude up to \$13,570 of employer-provided benefits from income for expenses of adopting an eligible child. The same qualifying expenses cannot be used for both. Limits apply to the total spent over all years for each effort to adopt an eligible child. An attempt that leads to adoption and any unsuccessful attempt to adopt a different child is treated as one effort. Unmarried persons who adopt a child can divide each limit in any way they agree.

Qualified expenses include:	Nonqualified expenses include expenses:
<ul style="list-style-type: none"> • Adoption fees. • Attorney fees. • Court costs. • Travel expenses, meals and lodging, while away from home. • Re-adoption in state court. 	<ul style="list-style-type: none"> • To adopt a spouse's child. • For surrogate parenting. • Paid or reimbursed by employer, governmental agency or other. • Allowed as a credit or deduction under another tax provision. • Paid before 1997.

Eligible Child

A child under age 18 or a person who is disabled physically or mentally incapable of self care.

Lifetime Learning Credit

The Lifetime Learning Credit is 20% of the first \$10,000 of qualified education expenses paid for all eligible students. The maximum credit is \$2,000 per return regardless of the number of eligible students. There is no limit on the number of years the credit can be claimed for each student.

Contact Us

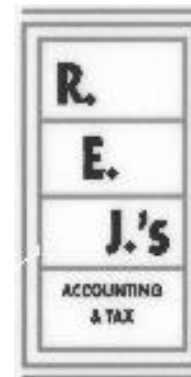
There are many events that occur during the year that can affect your tax situation. Preparation of your tax return involves summarizing transactions and events that occurred during the prior year. In most situations, treatment is firmly established at the time the transaction occurs. However, negative tax effects can be avoided by proper planning. Please contact us in advance if you have questions about the tax effects of a transaction or event, including the following:

- Pension or IRA distributions.
- Significant change in income or deductions.
- Job change.
- Marriage.
- Attainment of age 59½ or 70½.
- Sale or purchase of a business.
- Sale or purchase of a residence or other real estate.
- Retirement.
- Notice from IRS or other revenue department.
- Divorce or separation.
- Self-employment.
- Charitable contributions of property in excess of \$5,000.

This brochure contains general information for taxpayers and should not be relied upon as the only source of authority. Taxpayers should seek professional tax advice for more information.

Copyright © 2017 Tax Materials, Inc.
All Rights Reserved

Families With Children



REJ'S Accounting & Tax Service, Inc.
13740 Dix-Toledo Road
Southgate, MI 48195

734-284-8833
734-284-7205
www.rejaccounting.com



Families With Children

Child Tax Credit

Maximum credit: \$1,000 per qualifying child.

Adjusted Gross Income (AGI) Phaseout

The credit is reduced by \$50 for each \$1,000 of modified AGI above:

- \$110,000 Married Filing Jointly.
- \$75,000 Single, Head of Household, or Qualifying Widow(er).
- \$55,000 Married Filing Separately.

The regular child tax credit is nonrefundable, but if any part of the credit is disallowed because tax is reduced to zero, the taxpayer may qualify for the additional child tax credit, which is refundable.

Additional Child Tax Credit

Taxpayers may be able to claim the additional credit if any portion of the regular child tax credit was disallowed because tax was reduced to zero before the entire credit was used. The portion of the child tax credit phased out because of AGI cannot be used to claim the additional credit. The additional credit is refundable.

Child and Dependent Care Credit

Credit

The credit is 20%–35% of the smallest of:

- \$3,000 (\$6,000 for two or more qualifying persons).
- Qualified expenses incurred and paid during the year.

- Include expenses for care in 2017 that were paid before 2017. Reduce expenses by dependent care benefits excluded from income.
- Taxpayer's earned income.
- Spouse's earned income.

Exclusion

Instead of taking the credit, taxpayers may be eligible to exclude from income an amount up to \$5,000 for dependent care benefits received under an employer plan.

Child and Dependent Care Expenses	
Qualified	Not Qualified
<ul style="list-style-type: none"> • Care outside the taxpayer's home for a qualifying person who regularly spends at least eight hours each day in the taxpayer's home. • Amounts paid for items other than care (food and schooling) if they are incidental to the care and cannot be separated from the total cost. • Before and after school care. • Household services, including cooks, maids, babysitters, or cleaners, if services were partly for the care of a qualifying person. • Employment taxes, meals, and extra lodging expenses for household employees. • Day camps and similar programs even if they specialize in a particular activity. • Transportation provided by a childcare provider to or from a place that care is provided. 	<ul style="list-style-type: none"> • Schooling for a child in kindergarten or above. <i>Clarification:</i> The IRS has confirmed that kindergarten costs are educational and do not qualify for the credit. This includes costs paid for a full day of kindergarten at a private school in a district where public schools have half-day classes. Costs of preschool do qualify even if the programs have some educational content. • Cost of an overnight camp. • Expenses reimbursed by a state social service agency not included in income. • Child support payments. • Transportation of the care provider and transportation of a qualifying person not provided by a childcare provider.

Earned Income Credit (EIC)

The EIC is a refundable credit for low-income earners. Taxpayers with investment income of more than \$3,450 do not qualify.

Requirements for Everyone

The following requirements must be met whether or not the taxpayer has qualifying children.

- **Valid Social Security numbers.** Taxpayer and spouse (if filing jointly) must have valid Social Security numbers. Qualifying children must also have valid Social Security numbers except a child who was born and died during the year. Adoption and individual taxpayer identification numbers (ATINs and ITINs) do not qualify. A Social Security number on a card that reads "Not Valid for Employment" does not qualify. A Social Security number on a card that reads "Valid for work only with DHS (or INS) authorization" qualifies.
- **The taxpayer must be a U.S. citizen or resident alien for the entire year.** A nonresident alien can claim the credit if married to a U.S. citizen or resident alien, and the nonresident alien chooses to be treated as a resident for the entire tax year by filing a joint return.
- **Filing status may not be Married Filing Separately.**
- **The taxpayer may not be a qualifying child of another taxpayer.**
- **The taxpayer may not file a tax form relating to foreign earned income.**
- **The taxpayer's investment income must be \$3,450 or less.**