

ADOPTION TAX CREDIT



Are you adopting a child? You could get a bigger tax credit. The Affordable Care Act raised the maximum amount of the adoption tax credit to \$13,360 per child for tax year 2011.

And it's refundable, so you could get it even if you don't owe tax.

Here's what you should know.

Credit at a glance

The credit is based on your qualifying expenses like adoption fees, court costs, attorney's fees and travel expenses.

Exclude from your income the qualifying expenses reimbursed by your employer, up to \$13,360. Any amounts you are reimbursed are subtracted from your total adoption expenses when figuring the credit.

The credit starts to decrease at incomes of \$182,520. Other special rules apply to foreign and special needs adoptions, and adoptions that are not final.

Claiming the credit

Complete Form 8839, *Qualified Adoption Expenses*, attach it and the required documentation to your tax return, and mail it to the IRS location for your state. Examples of required documentation include a domestic or foreign adoption decree, a placement agreement from an authorized agency, and state determination of special needs for adoption of a special needs child. Refer to the instructions to Form 8839 for complete documentation requirements.

**Find out more about the credit and
how to claim it at www.irs.gov.**

