

# Tax for Children Under Age 14 Who Have Investment Income of More Than \$1,100

▶ See instructions below and on back.

▶ Attach ONLY to the Child's Form 1040, Form 1040A, or Form 1040NR.

## General Instructions

**Purpose of Form.** For children under age 14, investment income (such as taxable interest and dividends) over \$1,100 is taxed at the parent's rate if the parent's rate is higher than the child's rate. If the child's investment income is more than \$1,100, use this form to see if any of the child's investment income is taxed at the parent's rate and, if so, to figure the child's tax.

**Investment Income.** As used on this form, "investment income" includes all taxable income other than earned income as defined on page 2. It includes income such as taxable interest, dividends, capital gains, rents, royalties, etc. It also includes pension and annuity

income and income (other than earned income) received as the beneficiary of a trust.

**Who Must File.** Generally, Form 8615 must be filed for any child who was under age 14 on January 1, 1992, and who had more than \$1,100 of investment income. If neither parent was alive on December 31, 1991, do not use Form 8615. Instead, figure the child's tax in the normal manner.

**Note:** *The parent may be able to elect to report the child's interest and dividends on his or her return. If the parent makes this election, the child will not have to file a return or Form 8615. For more details, see the instructions for Form 1040 or Form 1040A, or get Form 8814,*

*Parent's Election To Report Child's Interest and Dividends.*

**Additional Information.** For more details, get Pub. 929, Tax Rules for Children and Dependents.

**Incomplete Information for Parent.** If a child's parent or guardian cannot obtain the information needed to complete Form 8615 before the due date of the child's return, reasonable estimates of the parent's taxable income or filing status and the net investment income of the parent's other children may be made. The appropriate line of Form 8615 must be marked "Estimated." For more details, see Pub. 929.

(Instructions continue on back.)

Child's name shown on return	Child's social security number : : :
<b>A</b> Parent's name (first, initial, and last). ( <b>Caution:</b> See instructions on back before completing.)	<b>B</b> Parent's social security number : : :
<b>C</b> Parent's filing status (check one): <input type="checkbox"/> Single, <input type="checkbox"/> Married filing jointly, <input type="checkbox"/> Married filing separately, <input type="checkbox"/> Head of household, or <input type="checkbox"/> Qualifying widow(er)	

### Step 1 Figure child's net investment income

1 Enter child's investment income, such as taxable interest and dividend income (see the instructions). (If this amount is \$1,100 or less, stop here; do not file this form.) . . . . .	<b>1</b>		
2 If the child DID NOT itemize deductions on Schedule A (Form 1040 or Form 1040NR), enter \$1,100. If the child ITEMIZED deductions, see the instructions . . . . .	<b>2</b>		
3 Subtract line 2 from line 1. (If the result is zero or less, stop here; do not complete the rest of this form but ATTACH it to the child's return.) . . . . .	<b>3</b>		
4 Enter child's <b>taxable</b> income (from Form 1040, line 37; Form 1040A, line 22; or Form 1040NR, line 35) . . . . .	<b>4</b>		
5 Compare the amounts on lines 3 and 4. Enter the <b>smaller</b> of the two amounts here . . . . . ▶	<b>5</b>		

### Step 2 Figure tentative tax based on the tax rate of the parent listed on line A

6 Enter parent's <b>taxable</b> income (from Form 1040, line 37; Form 1040A, line 22; Form 1040EZ, line 5; or Form 1040NR, line 35). If the parent transferred property to a trust, see instructions . . . . .	<b>6</b>		
7 Enter the total, if any, of the net investment income from Forms 8615, line 5, of ALL OTHER children of the parent. (Do not include the amount from line 5 above.) . . . . .	<b>7</b>		
8 Add lines 5, 6, and 7 . . . . .	<b>8</b>		
9 Tax on line 8 based on the <b>parent's</b> filing status (see instructions). If from Schedule D, enter amount from line 20 of that Schedule D here ▶ _____ . . . . .	<b>9</b>		
10 Enter parent's tax (from Form 1040, line 38; Form 1040A, line 23; Form 1040EZ, line 7; or Form 1040NR, line 36). If from Schedule D, enter amount from line 20 of that Schedule D here ▶ _____ . . . . .	<b>10</b>		
11 Subtract line 10 from line 9. (If line 7 is blank, enter on line 13 the amount from line 11; skip lines 12a and 12b.) . . . . .	<b>11</b>		
12a Add lines 5 and 7 . . . . . <b>12a</b>   _____	<b>12a</b>		
b Divide line 5 by line 12a. Enter the result as a decimal (rounded to two places) . . . . .	<b>12b</b>	X .	
13 Multiply line 11 by line 12b . . . . . ▶	<b>13</b>		

### Step 3 Figure child's tax

<b>Note:</b> <i>If lines 4 and 5 above are the same, go to line 16.</i>			
14 Subtract line 5 from line 4 . . . . . <b>14</b>   _____	<b>14</b>		
15 Tax on line 14 based on the <b>child's</b> filing status (see instructions). If from Schedule D, enter amount from line 20 of that Schedule D here ▶ _____ . . . . .	<b>15</b>		
16 Add lines 13 and 15 . . . . .	<b>16</b>		
17 Tax on line 4 based on the <b>child's</b> filing status (see instructions). If from Schedule D, check here ▶ <input type="checkbox"/>	<b>17</b>		
18 Enter the <b>larger</b> of line 16 or 17 here and on Form 1040, line 38; Form 1040A, line 23; or Form 1040NR, line 36. Be sure to check the box for "Form 8615" even if line 17 is more than line 16 . . . . . ▶	<b>18</b>		

**Paperwork Reduction Act Notice.** We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is: **Recordkeeping**, 13 min.; **Learning about the law or the form**, 12 min.; **Preparing the form**, 44 min.; and **Copying, assembling, and sending the form to the IRS**, 17 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form more simple, we would be happy to hear from you. You can write to both the IRS and the Office of Management and Budget at the addresses listed in the instructions of the tax return with which this form is filed.

## Line Instructions

(Section references are to the Internal Revenue Code.)

**Lines A and B.** If the child's parents were married to each other and filed a joint return, enter the name and social security number (SSN) of the parent who is listed first on the joint return. For example, if the father's name is listed first on the return and his SSN is entered in the block labeled "Your social security number," enter his name on line A and his SSN on line B.

If the parents were married but filed separate returns, enter the name and SSN of the parent who had the **higher** taxable income. If you do not know which parent had the higher taxable income, see Pub. 929.

If the parents were unmarried, treated as unmarried for Federal income tax purposes, or separated either by a divorce or separate maintenance decree, enter the name and SSN of the parent who had custody of the child for most of the year (the custodial parent).

**Exception.** If the custodial parent remarried and filed a joint return with his or her spouse, enter the name and SSN of the person listed first on the joint return, even if that person is not the child's parent. If the custodial parent and his or her spouse filed separate returns, enter the name and SSN of the person with the **higher** taxable income, even if that person is not the child's parent.

**Note:** If the parents were unmarried but lived together during the year with the child, enter the name and SSN of the parent who had the **higher** taxable income.

**Line 1.** If the child had no earned income (defined later), enter the child's

adjusted gross income (from Form 1040, line 32; Form 1040A, line 17; or Form 1040NR, line 31).

If the child had earned income, use the following worksheet to figure the amount to enter on line 1. But, if the child files **Form 2555**, Foreign Earned Income, has a net loss from self-employment, or claims a net operating loss deduction, **do not** use the worksheet below. Instead, use the worksheet in Pub. 929 to figure the amount to enter on line 1.

### Worksheet (keep for your records)

1. Enter the amount from the child's Form 1040, line 23; Form 1040A, line 14; or Form 1040NR, line 23, whichever applies . . . \_\_\_\_\_
2. Enter the child's **earned income** (defined below) plus any deduction the child claims on Form 1040, line 28, or Form 1040NR, line 27, whichever applies \_\_\_\_\_
3. Subtract line 2 from line 1. Enter the result here and on Form 8615, line 1 . . . \_\_\_\_\_

**Earned income** includes wages, tips, and other payments received for personal services performed. Generally, earned income is the total of the amounts reported on Form 1040, lines 7, 12, and 19; Form 1040A, line 7; or Form 1040NR, lines 8, 13, and 20.

**Line 2.** If the child itemized deductions, enter on line 2 the **greater** of:

- \$550 plus the portion of the amount on Schedule A (Form 1040), line 26 (or Schedule A (Form 1040NR), line 10), that is directly connected with the production of the investment income on Form 8615, line 1; OR
- \$1,100.

**Line 6.** Enter the taxable income shown on the parent's tax return. If the parent's taxable income is less than zero, enter zero on line 6. If the parent filed a joint return, enter the taxable income shown on that return even if the parent's spouse is not the child's parent. If the parent transferred property to a trust which sold or exchanged the property during the year at a gain, include any gain that was taxed to the trust under section 644 in the amount entered on line 6. Write "Section 644" and the amount on the dotted line next to line 6. Also, see the instructions for line 10.

**Line 7.** If the individual identified as the parent on this Form 8615 is also identified as the parent on any other Form 8615, add the amounts, if any, from line 5 on each of the other Forms 8615 and enter the total on line 7.

**Line 9.** Figure the tax using the Tax Table, Tax Rate Schedules, or **Schedule D** (Form 1040), Capital Gains and

Losses, whichever applies. If any net capital gain is included on lines 5, 6, and/or 7, the tax on the amount on line 8 may be less if Part IV of Schedule D can be used to figure the tax. See Pub. 929 for details on how to figure the net capital gain included on line 8 and how to complete Schedule D. Schedule D should be used to figure the tax if:

the parent's filing status is	AND	the amount on Form 8615, line 8, is over:
• Single		\$49,300
• Married filing jointly or Qualifying widow(er)		\$82,150
• Married filing separately		\$41,075
• Head of household		\$70,450

If Schedule D is used to figure the tax, enter on Form 8615, line 9, the amount from line 27 of that Schedule D. Also, enter the amount from line 20 of that Schedule D in the space next to line 9.

**Line 10.** Enter the tax shown on the parent's tax return. If the parent filed a joint return, enter the tax shown on that return even if the parent's spouse is not the child's parent.

If line 6 includes any gain taxed to a trust under section 644, add the tax imposed under section 644(a)(2)(A) to the tax shown on the parent's return. Enter the total on line 10 instead of entering the tax from the parent's return. Write "Section 644" on the dotted line next to line 10.

**Line 15.** Figure the tax using the Tax Table, Tax Rate Schedule X, or Schedule D, whichever applies. If line 14 is more than \$49,300 and includes any net capital gain, the tax may be less if Schedule D is used to figure the tax. See Pub. 929 for details on how to figure the net capital gain included on line 14 and how to complete Part IV of Schedule D.

**Line 17.** Figure the tax as if these rules did not apply. For example, if the child files Schedule D and can use Part IV to figure his or her tax, complete Part IV on the child's actual Schedule D.

**Amended Return.** If after the child's return is filed, the parent's taxable income is changed or the net investment income of any of the parent's other children is changed, the child's tax must be refigured using the adjusted amounts. If the child's tax is changed as a result of the adjustment(s), file **Form 1040X**, Amended U.S. Individual Income Tax Return, to correct the child's tax.

**Alternative Minimum Tax.** A child whose tax is figured on Form 8615 may be subject to the alternative minimum tax. For details, get **Form 6251**, Alternative Minimum Tax—Individuals, and its instructions.