Form 8615

Tax for Children Under Age 14
Who Have Investment Income of More Than $1,300

Attach ONLY to the child's Form 1040, Form 1040A, Form 1040NR, or Form 1040-T.

Purpose of Form.—For children under age 14, investment income over $1,300 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 $1,300, use this form to figure the child's tax.

General Instructions

Caution: At the time this form was printed, Congress was considering legislation that would change the tax treatment of capital gains. For information on the changes, get Pub. 553, Highlights of 1995 Tax Changes.

Investment Income.—As used on this form, "investment income" includes all taxable income other than earned income as defined on page 2. It includes 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, 1996, had more than $1,300 of investment income, and is required to file a tax return. If neither parent was alive on December 31, 1995, 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 child's tax return instruction booklet or get Form 8814, Parents' Election To Report Child's Interest and Dividends.

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

For Paperwork Reduction Act Notice, see back of form.
Incomplete Information for Parent.— If the parent’s taxable income or filing status or the net investment income of the parent’s other children is not known by the due date of the child’s return, reasonable estimates may be used. Write “Estimated” on the appropriate line(s) of Form 8615. For more details, see Pub. 929.

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 owe the alternative minimum tax. For details, get Form 6251, Alternative Minimum Tax—Individuals, and its instructions.

Line Instructions

Section references are to the Internal Revenue Code. Form 1040-T references are to a new form sent to certain individuals and its instructions.

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 person 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 new 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 new 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; Form 1040NR, line 32; or Form 1040-T, line 16.

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, or Form 2555-EZ, Foreign Earned Income Exclusion, 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 a copy for your records)

1. Enter the amount from the child’s Form 1040, line 22; Form 1040A, line 14; Form 1040NR, line 23; or Form 1040-T, line 10, whichever applies.

2. Enter the child’s earned income (defined below) plus any deduction the child claims on Form 1040, line 28; Form 1040NR, line 28; or Form 1040-T, line 13, 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, it is the total of the amounts reported on Form 1040, lines 7, 12, and 18; Form 1040A, line 7; Form 1040NR, lines 8, 13, and 19; or Form 1040-T, line 1.

Line 2.— If the child itemized deductions, enter the greater of:

- $650 plus the portion of the amount on Schedule A (Form 1040), line 28, Schedule A (Form 1040NR), line 17, or Section B (Form 1040-T), line t, that is directly connected with the production of the investment income on Form 8615, line 1; OR
- $1,300.

Line 6.— 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 that 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. Enter “Section 644” and the amount to the right of the line 6 entry. Also, see the instructions for line 10.

Line 9.— Figure the tax as if these rules did not apply. For example, if the child can use the Capital Gain Tax Worksheet to figure his or her tax, complete that worksheet.

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, 45 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 simpler, we would be happy to hear from you. See the instructions for the tax return with which this form is filed.