



# Instructions for Form 8839

## Qualified Adoption Expenses

Section references are to the Internal Revenue Code unless otherwise noted.

### What's New

**2014 maximum credit.** The maximum credit and the exclusion for employer-provided benefits are both \$13,190 per eligible child in 2014. This amount begins to phase out if you have modified adjusted gross income in excess of \$197,880 and is completely phased out for modified adjusted gross income of \$237,880 or more.

### Future Developments

For the latest information about developments related to Form 8839 and its instructions, such as legislation enacted after they are published, go to [www.irs.gov/form8839](http://www.irs.gov/form8839).

## General Instructions

### Purpose of Form

Use Form 8839 to figure your adoption credit and any employer-provided adoption benefits you can exclude from your income. You can claim both the exclusion and the credit for expenses of adopting an eligible child. For example, depending on the cost of the adoption, you may be able to exclude up to \$13,190 from your income and also be able to claim a credit of up to \$13,190. But, you cannot claim both a credit and exclusion for the same expenses. See [Qualified Adoption Expenses and Employer-Provided Adoption Benefits](#), later.

**Adoption credit.** Use Form 8839, Part II, to figure the adoption credit you can take on Form 1040, line 54 or Form 1040NR, line 51. Check box c on that line and enter "8839" in the space next to box c. You may be able to take this credit in 2014 if any of the following statements are true.

1. You paid qualified adoption expenses in connection with the adoption of an eligible U.S. child (including any expenses paid in connection with adopting an eligible U.S. child with special needs) in:
  - a. 2013 and the adoption was not final at the end of 2013, or
  - b. 2014 and the adoption became final in or before 2014.
2. You adopted an eligible U.S. child with special needs and the adoption became final in 2014. (In this case, you may be able to take the credit even if you did not pay any qualified adoption expenses.)
3. You paid qualified adoption expenses in connection with the adoption of an eligible foreign child in:
  - a. 2014 or prior years and the adoption became final in 2014, or
  - b. 2014 and the adoption became final before 2014.
 See [Column \(e\)](#), later.
4. You have a carryforward of an adoption credit from 2013.

**Income exclusion for employer-provided adoption benefits.** Use Form 8839, Part III, to figure the employer-provided adoption benefits you can exclude from your income on Form 1040, line 7, or Form 1040NR, line 8. You may be able to

exclude these benefits from income if your employer had a written qualified adoption assistance program (see [Employer-Provided Adoption Benefits](#), later) and any of the following statements are true.

1. You received employer-provided adoption benefits in 2014. However, special rules apply for benefits received in connection with the adoption of an eligible foreign child. See [Column \(e\)](#), later.
2. You adopted an eligible U.S. child with special needs and the adoption became final in 2014.
3. You received employer-provided adoption benefits in connection with the adoption of an eligible foreign child in:
  - a. 2014 or prior years and the adoption became final in 2014, or
  - b. 2014 and the adoption became final before 2014.
 See [Column \(e\)](#), later.

For purposes of calculating the adoption credit in Part II, [qualified adoption expenses](#) (defined later) do not include expenses reimbursed by an employer under a written qualified adoption assistance program (see [Employer-Provided Adoption Benefits](#), later). For this reason, you must complete Form 8839, Part III, before you can figure the credit, if any, in Part II. But see [Child with special needs](#), later.



*You cannot exclude employer-provided adoption benefits if your employer is an S corporation in which you own more than 2% of the stock or stock with more than 2% of the voting power.*

**Income limit.** The income limit on the adoption credit or exclusion is based on modified adjusted gross income (MAGI). For 2014, use the following table to see if the income limit will affect your credit or exclusion.

IF your MAGI is...	THEN the income limit...
\$197,880 or less	will not affect your credit or exclusion.
Between \$197,881 and \$237,879	will reduce your credit or exclusion.
\$237,880 or more	will eliminate your credit or exclusion.

## Definitions

### Eligible Child

An eligible child is:

- Any child under age 18. If the child turned 18 during the year, the child is an eligible child for the part of the year he or she was under age 18.
- Any disabled individual physically or mentally unable to take care of himself or herself.



*If you and another person (other than your spouse if filing jointly) adopted or tried to adopt an eligible U.S. child, see [Line 2](#) (or [Line 17](#), if applicable), later, before completing Part II (or Part III).*

## Qualified Adoption Expenses

Qualified adoption expenses are reasonable and necessary expenses directly related to, and for the principal purpose of, the legal adoption of an eligible child.

Qualified adoption expenses include:

- Adoption fees,
- Attorney fees,
- Court costs,
- Travel expenses (including meals and lodging) while away from home, and
- Re-adoption expenses relating to the adoption of a foreign child.

Qualified adoption expenses do not include expenses:

- For which you received funds under any state, local, or federal program,
- That violate state or federal law,
- For carrying out a surrogate parenting arrangement,
- For the adoption of your spouse's child,
- Reimbursed by your employer or otherwise, or
- Allowed as a credit or deduction under any other provision of federal income tax law.

## Employer-Provided Adoption Benefits

In most cases, employer-provided adoption benefits are amounts your employer paid directly to either you or a third party for qualified adoption expenses under a qualified adoption assistance program. But see [Child with special needs](#), later.

A qualified adoption assistance program is a separate written plan set up by an employer to provide adoption assistance to its employees. For more details, see Pub. 15-B, Employer's Tax Guide to Fringe Benefits.

Employer-provided adoption benefits should be shown in box 12 of your Form(s) W-2 with code T. Your salary may have been reduced to pay these benefits. You may also be able to exclude amounts not shown in box 12 of your Form W-2 if all of the following apply.

- You adopted a child with special needs. See [Column \(d\)](#), later, for the definition of a child with special needs.
- The adoption became final in 2014.
- Your employer had a written qualified adoption assistance program as described earlier.

The following examples help illustrate how qualified adoption expenses and employer-provided adoption benefits apply to the maximum adoption credit allowed.

**Example 1.** Madelyn paid \$10,000 in qualified adoption expenses for the adoption of an eligible child. Under a qualified adoption assistance program, Madelyn's employer reimbursed her for \$4,000 of those expenses. Madelyn may exclude the \$4,000 reimbursement from her income. However, because of the employer reimbursement, \$4,000 of her expenses no longer meet the definition of qualified adoption expenses. As a result, Madelyn's maximum adoption credit is limited to \$6,000 (\$10,000 - \$4,000).

**Example 2.** Haylee paid \$20,000 in qualified adoption expenses for the adoption of an eligible child, including \$8,000 of legal fees. Under a qualified adoption assistance program, Haylee's employer reimbursed the \$8,000 of legal fees. Haylee may exclude the \$8,000 employer reimbursement from her income. However, because of the employer reimbursement, \$8,000 of Haylee's expenses no longer meet the definition of qualified adoption expenses. As a result, Haylee's maximum adoption credit is limited to \$12,000 (\$20,000 - \$8,000).

**Example 3.** The facts are the same as in *Example 2* except that instead of reimbursing Haylee for her legal fees, the employer directly paid the \$8,000 to the law firm. The employer's

payment of the legal fees produces the same result as the employer's reimbursement of the legal fees in *Example 2* (\$8,000 exclusion and \$12,000 credit).

**Example 4.** Paul paid \$30,000 in qualified adoption expenses to adopt an eligible foreign child, and the adoption became final in 2014. Under a qualified adoption assistance program, Paul's employer reimbursed him for \$13,190 of those expenses. Paul may exclude the \$13,190 reimbursement from his income. The remaining \$16,810 of expenses (\$30,000 - \$13,190) continue to be qualified adoption expenses that are eligible for the credit. However, Paul's credit is dollar-limited to \$13,190. The remaining \$3,620 (\$30,000 - \$13,190 - \$13,190) may never be claimed as a credit or excluded from gross income.

## Who Can Take the Adoption Credit or Exclude Employer-Provided Adoption Benefits?

You may be able to take the credit or exclusion if all three of the following statements are true.

1. Your filing status is single, head of household, qualifying widow(er), or married filing jointly. Generally, if you are married, you must file a joint return to take the credit or exclusion. However, if you are married and are not filing jointly, you may be able to take the credit or exclusion on your own return if you are considered unmarried because you are legally separated or living apart from your spouse and you meet certain other requirements. See [Married Persons Not Filing Jointly](#), later.

2. Your modified adjusted gross income (MAGI) is less than \$237,880 or you have a carryforward of an adoption credit from 2013. To figure your MAGI, see [Line 7](#) (for the credit) or [Line 23](#) (for the exclusion), later.

3. You report the required information about the eligible child in Part I.

## Married Persons Not Filing Jointly

You may be able to take the credit or exclusion if all of the following apply.

- Statements (2) and (3) under *Who Can Take the Adoption Credit or Exclude Employer-Provided Adoption Benefits* are true.
- You lived apart from your spouse during the last 6 months of 2014.
- The eligible child lived in your home more than half of 2014.
- You provided over half the cost of keeping up your home.

Additionally, a person who is filing separately may claim an adoption credit carryforward from a prior year or years, provided that, if the person was married in the year in which the qualified adoption expenses first became allowable for the credit, the person filed a joint return for that year.

## When To Take the Credit or Exclusion

When you can take the adoption credit or exclusion depends on whether the eligible child is a citizen or resident of the United States (including U.S. possessions) at the time the adoption effort began (domestic adoption).

**Child who is a U.S. citizen or resident (U.S. child).** If the eligible child is a U.S. citizen or resident, you can take the adoption credit or exclusion even if the adoption never became final. Take the credit or exclusion as shown in the following table.

Domestic Adoption	
IF you pay qualifying expenses in...	THEN take the credit in...
Any year before the year the adoption becomes final*	The year <b>after</b> the year of the payment.
The year the adoption becomes final	The year the adoption becomes final.
Any year after the year the adoption becomes final	The year of the payment.
IF your employer pays for qualifying expenses under an adoption assistance program in...	THEN take the exclusion in....
Any year	The year of the payment.

\*In the case of a U.S. child, an adoption credit may be allowable for an attempted or unsuccessful adoption, as well as for an adoption that is not yet final. See the instructions for [Line 1](#) and [Line 5](#) for additional information.

**Child with special needs.** If you adopt a U.S. child with special needs, you may be able to exclude up to \$13,190 and claim a credit for additional expenses up to \$13,190 (minus any qualified adoption expenses claimed for the same child in a prior year). The exclusion may be available, even if you or your employer did not pay any qualified adoption expenses, provided the employer has a written qualified adoption assistance program. See [Column \(d\)](#), later, for more information.

**Foreign child.** If the eligible child is a foreign child, you cannot take the adoption credit or exclusion unless the adoption becomes final. A child is a foreign child if he or she was not a citizen or resident of the United States (including U.S. possessions) at the time the adoption effort began. Take the credit or exclusion as shown in the following table.

Foreign Adoption	
IF you pay qualifying expenses in...	THEN take the credit in...
Any year before the year the adoption becomes final	The year the adoption becomes final.
The year the adoption becomes final	The year the adoption becomes final.
Any year after the year the adoption becomes final	The year of the payment.
IF your employer pays for qualifying expenses under an adoption assistance program in...	THEN take the exclusion in....
Any year before the year the adoption becomes final	The year the adoption becomes final.
The year the adoption becomes final	The year the adoption becomes final.
Any year after the year the adoption becomes final	The year of the payment.

For more information, see [Column \(e\)](#) later. To find out when a foreign adoption is treated as final, see Rev. Proc. 2005-31, 2005-26 I.R.B. 1374, available at [www.irs.gov/irb/2005-26\\_IRB/](http://www.irs.gov/irb/2005-26_IRB/)

[ar14.html](#), and Rev. Proc. 2010-31, 2010-40 I.R.B. 413, available at [www.irs.gov/irb/2010-40\\_IRB/ar10.html](http://www.irs.gov/irb/2010-40_IRB/ar10.html).

If your employer makes adoption assistance payments in a year before the adoption of a foreign child is final, you must include the payments in your income in the year of the payment. Then, on your return for the year the adoption becomes final, you can make an adjustment to take the exclusion.



*Your employer is not required to withhold income tax on payments for qualifying expenses under an adoption assistance program. If you must include the payments in income in the year paid because your adoption of a foreign child is not final, your withholding may not be enough to cover the tax on those payments. You may need to give your employer a new Form W-4 to adjust your withholding or make estimated tax payments to avoid a penalty for underpayment of estimated tax.*

## Specific Instructions

### Part I—Information About Your Eligible Child or Children Line 1

Complete all columns that apply to the eligible child you adopted or tried to adopt.

If you cannot give complete information about an eligible child you tried to adopt in 2013 because the adoption was either unsuccessful or was not final by the end of 2014, complete the entries that you can on line 1. Leave blank any entries you are unable to complete. For example, if you do not have an SSN or ATIN for your eligible child, leave column (f) blank.



*For examples of the type of records you may want to keep to substantiate your claim for the adoption credit, see Notice 2010-66, 2010-42 I.R.B. 437 available at [www.irs.gov/irb/2010-42\\_IRB/ar09.html](http://www.irs.gov/irb/2010-42_IRB/ar09.html).*

### Attempted Adoptions of U.S. Children

In general, the dollar limitation requires you to combine the qualified adoption expenses you paid if you made more than one attempt to adopt one eligible U.S. child. When you combine the amounts you spent, complete only the “Child 1” line. Do not report the additional attempt(s) on the “Child 2” or “Child 3” line. Complete the “Child 2” or “Child 3” lines only if you adopted or tried to adopt two or three eligible children.

**Example 1.** You planned to adopt one U.S. child. You paid \$10,000 of qualified adoption expenses in an unsuccessful attempt to adopt a child. You later paid \$8,000 of additional qualified adoption expenses in a successful adoption of a different child. Complete only the “Child 1” line because you made more than one attempt to adopt one eligible child.

**Example 2.** The facts are the same as in *Example 1* except that both attempts are unsuccessful and no adoption is ever finalized. Enter \$18,000 (\$10,000 + \$8,000) on the “Child 1” line because you made more than one attempt to adopt one eligible child.

**Example 3.** You planned to adopt one U.S. child. You paid \$9,000 in qualified adoption expenses in an unsuccessful attempt to adopt a child. You later successfully adopted twins, after paying an additional \$24,000 in qualified adoption expenses (\$12,000 per child). Enter \$21,000 (\$9,000 + \$12,000) on the “Child 1” line because you made more than one attempt to adopt one eligible child. Enter \$12,000 on the “Child 2” line because you made a successful attempt to adopt a second eligible child.



If you filed Form 8839 for a prior year in connection with this adoption, enter your 2014 information on the same line (Child 1, Child 2, or Child 3) that you used in the prior year.

## More Than Three Eligible Children

If you adopted or tried to adopt more than three eligible children, fill in and attach as many Forms 8839 as you need to list them. Also, enter "See Attached" to the right of the *Caution* below line 1.

For Part II, fill in lines 2 through 6 and 10 and 11 for each child. But fill in lines 7 through 9 and 12 through 16 on only one Form 8839. The amount on line 12 of that Form 8839 should be the combined total of the amounts on line 11 of all Forms 8839.

For Part III, fill in lines 17 through 20, 22, 26, and 27 for each child. But fill in lines 21, 23 through 25, 28, and 29 on only one Form 8839. The amount on line 21 of that Form 8839 should be the combined total of the amounts on line 20 of all the Forms 8839. The amount on line 28 of that form should be the combined total of the amounts on line 27.

### Column (c)

A disabled individual, one who is physically or mentally unable to care for himself or herself, is an eligible child regardless of his or her age at the time of adoption.

### Column (d)

A child is a child with special needs if all three of the following statements are true.

1. The child was a citizen or resident of the United States or its possessions at the time the adoption effort began (U.S. child).
2. A state (including the District of Columbia) has determined that the child cannot or should not be returned to his or her parents' home.
3. The state has determined that the child will not be adopted unless assistance is provided to the adoptive parents. Factors used by states to make this determination include:
  - a. The child's ethnic background and age,
  - b. Whether the child is a member of a minority or sibling group, and
  - c. Whether the child has a medical condition or a physical, mental, or emotional handicap.

The state must make a determination that a child has special needs before the child is considered to be a child with special needs. A child having a specific factor or condition is not enough to establish that the state has made a determination of special needs.

You may be able to claim an exclusion or credit for the adoption of a U.S. child with special needs even if you did not pay any qualified adoption expenses. See [Line 22](#) and the instructions for [Line 5](#).

For more information, see Tax Topic 607 available at [www.irs.gov/taxtopics/tc607.html](http://www.irs.gov/taxtopics/tc607.html).

**Example 1.** Agency A is the child welfare department of State V. Mark, Rachel, and Janet, brother and sisters, are U.S. children residing in State V. When Mark was 10, Rachel 8, and Janet 6, Agency A removed the children from the home of the biological parents.

After Agency A placed the children in foster care, Agency A determined it would be difficult to place the children for adoption without providing assistance to the adoptive family because of the ages and sibling relationship of the children. Agency A provided the adoptive parents with monthly subsidy payments on behalf of each child. The adoption assistance agreements

entered into between Agency A and the adoptive parents are evidence that State V has determined that Mark, Rachel, and Janet are children with special needs and may be used to support the adoptive parents' claim to the adoption tax credit.

Mark, Rachel, and Janet are U.S. children who State V has removed from their biological parents. State V also has determined that each child has special needs. Their adoptive parents may claim an adoption tax credit for each child, even if the adoptive parents paid no qualifying adoption expenses, if all other requirements of the credit are met.

**Example 2.** Michael and Grace are born in State W and are members of a sibling group. Their biological mother places the siblings through a private adoption agency and voluntarily surrenders her parental rights. Membership in a sibling group is a factor that State W may use in determining that a child has special needs. State W also requires that adoptive parents requesting a state determination of special needs follow certain steps and make the request before the adoption is final. Michael and Grace's adoptive parents do not make a request or follow the required steps.

Michael and Grace are not children with special needs because State W did not remove them from their biological mother and did not make a determination of special needs. Although membership in a sibling group is a factor that State W may use in making a determination, State W did not make a determination that either Michael or Grace would not be adopted unless adoption assistance was provided to the adoptive parents. However, Michael and Grace's adoptive parents may claim adoption tax credits for the qualified adoption expenses they paid in connection with Michael and Grace's adoption, if all other requirements of the credit are met.

**Example 3.** Hannah is born in State X. Her biological parents place Hannah for adoption through a private adoption agency and voluntarily relinquish their parental rights. Hannah then is adopted. A medical exam performed shortly after Hannah's birth shows that Hannah has serious physical disabilities. Hannah is not a child with special needs because State X did not remove her from her biological parents and did not make a determination of special needs. However, Hannah's adoptive parents may claim the adoption tax credit for the qualified adoption expenses they paid in connection with Hannah's adoption, if all other requirements of the credit are met.

**Example 4.** Noah is born in Country Z and is diagnosed with serious physical and mental disabilities. Noah's adoptive parents, who are residents of State Y, adopt Noah in Country Z, bring him to the United States, and re-adopt him in State Y. Noah is not a child with special needs because he was not a citizen or resident of the United States when the adoption process began. Additionally, State Y did not remove him from the home of his biological parents and did not make a determination of special needs. However, Noah's adoptive parents may claim the adoption tax credit for the qualified adoption expenses they paid in connection with Noah's adoption, if all other requirements of the credit are met.



If you check the box in column (d) indicating the child has special needs, be sure to keep evidence of the state's determination in your records.

### Column (e)

A child is a foreign child if he or she was not a citizen or resident of the United States or its possessions at the time the adoption effort began.

**Special rules.** If you paid qualified adoption expenses in 2014 or any prior year in connection with the adoption of a foreign child and the adoption became final in 2014, you can use the

**Exclusion of Prior Year Benefits Worksheet**  
**(for the adoption of a foreign child that became final in 2014)**

1. Enter the total employer-provided adoption benefits you received in **2014 and all prior years** for the adoption of the foreign child ..... **1.** \_\_\_\_\_
2. Enter **\$13,190**. If you and another person (other than your spouse if filing jointly) each received employer-provided adoption benefits in 2014 or any prior year to adopt the same child, see the instructions for line 2 at the end of this worksheet ..... **2.** \_\_\_\_\_
3. Enter the **smaller** of line 1 or line 2 here and on Form 8839, line 17. If necessary, cross out the preprinted amount on line 17 and enter the result above the preprinted amount ..... **3.** \_\_\_\_\_

**Next:**

- Enter -0- on Form 8839, line 18.
  - Enter the amount from line 3 of this worksheet on Form 8839, line 19.
  - On Form 8839, line 20, enter the total amount of employer-provided adoption benefits received in **2014 and all prior years**. On the dotted line next to line 20, enter "PYAB" and the total amount of benefits you received **before 2014**.
  - Complete Form 8839 through line 28. Then, complete lines 4 through 9 of this worksheet to figure the amount of any prior year benefits you can exclude and the taxable benefits, if any, to enter on Form 8839, line 29.
4. Is the amount on your 2014 Form 8839, line 28, less than the amount on Form 8839, line 21?
    - No.** Skip lines 4 through 6 of this worksheet and go to line 7.
    - Yes.** Subtract Form 8839, line 28 from line 21 ..... **4.** \_\_\_\_\_
  5. Enter the total employer-provided adoption benefits you received **before 2014** included on Form 8839, line 20, for all children ..... **5.** \_\_\_\_\_
  6. **Taxable benefits.** Subtract line 5 of this worksheet from line 4. If zero or less, enter -0-. Enter the result here and on Form 8839, line 29. If more than zero, also include this amount on line 7 of Form 1040 or line 8 of Form 1040NR, and enter "AB" on the dotted line ..... **6.** \_\_\_\_\_
  7. Enter the amount from Form 8839, line 28 ..... **7.** \_\_\_\_\_
  8. Enter the total **2014** employer-provided adoption benefits included on Form 8839, line 20, for all children ..... **8.** \_\_\_\_\_
  9. **Prior year excluded benefits.** Subtract line 8 of this worksheet from line 7. If zero or less, **stop**; you cannot exclude any of your prior year benefits ..... **9.** \_\_\_\_\_

**Next.** Figure the total you would enter on line 7 of Form 1040 or line 8 of Form 1040NR **before** you exclude the amount from line 9 of this worksheet. Then, subtract the amount from line 9 of this worksheet from that total. Enter the result on line 7 of Form 1040 or line 8 of Form 1040NR. On the dotted line next to the line for wages, enter "PYAB" and the amount from line 9 of this worksheet.

**Line 2.** The maximum amount of employer-provided adoption benefits that can be excluded from income is \$13,190 per child. If you and another person (other than your spouse if filing jointly) each received employer-provided adoption benefits to adopt the same child, the \$13,190 limit must be divided between the two of you. You can divide it in any way you both agree. Enter your share of the \$13,190 limit on line 2 of this worksheet.

total expenses you paid in 2014 and all prior years in determining the amount to enter on line 5. If you and another person (other than your spouse if filing jointly) each paid qualified adoption expenses to adopt the same child, the total qualified expenses must be divided between the two of you. You can divide it in any way you both agree.

If the adoption did not become final by the end of 2014, you cannot take the adoption credit for that child in 2014.

In general, the year of finality of a foreign adoption is determined either under Rev. Proc. 2005-31, I.R.B. 2005-31, 2005-26 1374, available at [www.irs.gov/irb/2005-26\\_IRB/ar14.html](http://www.irs.gov/irb/2005-26_IRB/ar14.html) (non-Hague adoptions) or under Rev. Proc. 2010-31, 2010-41 I.R.B. 413, available at [www.irs.gov/irb/2010-40\\_IRB/ar10.html](http://www.irs.gov/irb/2010-40_IRB/ar10.html) (Hague adoptions).

**Non-Hague adoptions.** In most non-Hague adoptions, there is an adoption proceeding in the foreign country (and the country is one that is not a party to the Hague Adoption Convention, discussed later) before the child is allowed to come to the United

States. There may also be a re-adoption proceeding in the United States, either in the same year as the foreign adoption or in a later year. Rev. Proc. 2005-31 generally allows taxpayers to choose as the year of finality: (1) the year of the foreign-sending country adoption proceeding, or (2) the year of the re-adoption, if the re-adoption occurs in either the first or second year following the year of the foreign-country proceeding. The expenses of re-adoption are qualified adoption expenses in the year in which the expenses are paid, subject to the dollar limitation.

**Example.** Brian and Susan paid qualified adoption expenses of \$7,000 in 2011, \$8,000 in 2012, and \$9,000 in 2013 in connection with the adoption of an eligible foreign child from Country X. Country X is a non-Hague country (a country not party to the Hague Adoption Convention). In 2013, Country X issued a final decree of adoption to Brian and Susan, who brought the child to the United States on an IR2, IR3, or IR4 visa. In 2014, Brian and Susan paid \$1,000 in qualified adoption expenses in connection with re-adopting the child in their home

state. Brian and Susan's modified gross income (MAGI) is less than the MAGI limitation in all years.

Under Rev. Proc. 2005-31, Brian and Susan may treat 2013 (the year of the adoption in Country X) or 2014 (the year of re-adoption in the United States) as the year of finality. If Brian and Susan choose 2013, then the \$24,000 of aggregate qualified adoption expenses paid in 2011, 2012, and 2013 (\$7,000 plus \$8,000 plus \$9,000) will be treated as paid in 2013. The credit will be limited to \$12,970 (the dollar limitation for 2013).

Brian and Susan instead may choose to treat 2014 (the year of re-adoption in the United States) as the year of finality. If Brian and Susan choose 2014, then the \$25,000 of aggregate qualified adoption expenses paid (\$24,000 total from 2011, 2012, and 2013, plus the \$1,000 of re-adoption expenses paid in 2014) will be treated as paid in 2014. The credit will be limited to \$13,190 (the dollar limitation for 2014).

**Hague adoptions.** In Hague adoptions, there is usually an adoption proceeding in the sending country (and the country is one that is a party to the Hague Adoption Convention, discussed later) before the child is allowed to come to the United States. Rev. Proc. 2010-31 generally allows taxpayers to choose as the year of finality: (1) the year in which the sending country enters a final decree of adoption, or (2) the year in which the U.S. Secretary of State issues a certificate under section 301(a) of the Intercountry Adoption Act of 2000, 42 U.S.C. sections 14901 - 14954.

**Custodial agreements followed by adoption in the United States.** In a few cases, the sending country may allow the child to come to the United States under a custodial agreement. If so, the child will be adopted later in a state court in the United States. Both Rev. Proc. 2005-31 and Rev. Proc. 2010-31 allow the adoptive parent(s) to treat the year of the state-court adoption as the year of finality.



*The Hague Convention on Protection of Children and Co-operation in Respect of Intercountry Adoption (Hague Adoption Convention) entered into force for the United States on April 1, 2008. The Hague Adoption Convention applies if you adopted a child from a country that is party to the Hague Adoption Convention and you filed your application and petition (Forms I-800A and I-800) with the U.S. Citizenship and Immigration Service after March 31, 2008. See [www.adoption.state.gov](http://www.adoption.state.gov) for more information on the Hague Adoption Convention, the application and petition, and a complete list of countries that are parties to the Convention.*

If you received employer-provided adoption benefits in 2014 in connection with the adoption of a foreign child and the adoption did not become final by the end of 2014, you must include the benefits in the total entered on Form 1040, line 7, or Form 1040NR, line 8. Also, enter "AB" on the dotted line next to Form 1040, line 7, or Form 1040NR, line 8.

**Exclusion of prior year benefits.** If you received employer-provided adoption benefits before 2014 in connection with the adoption of a foreign child and the adoption became final in 2014, you may be able to exclude part or all of those benefits from your 2014 income. To find out if you can, complete the [Exclusion of Prior Year Benefits Worksheet](#). You also must use that worksheet to complete Form 8839, Part III, and to figure any taxable benefits to enter on Form 8839, line 29.

If the adoption of more than one eligible foreign child became final in 2014, complete lines 1 through 3 of the Exclusion of Prior Year Benefits Worksheet separately for each foreign child and use the combined totals to complete lines 4 through 9 of the worksheet.



*If you check the box in column (e), you must also check the box in column (g), indicating the adoption was finalized in 2014 or earlier.*

## Column (f)

Enter the child's identifying number. This can be a social security number (SSN), an adoption taxpayer identification number (ATIN), or an individual taxpayer identification number (ITIN).

Enter the child's SSN if the child has an SSN or you will be able to get an SSN in time to file your tax return. Apply for an SSN using Form SS-5.

If you are in the process of adopting a child who is a U.S. citizen or resident alien but you cannot get an SSN for the child in time to file your return, apply for an ATIN using Form W-7A. However, if the child is not a U.S. citizen or resident alien, apply instead for an ITIN using Form W-7.

## Column (g)

Check the box in column (g) if the adoption for each child became final in 2014 or earlier.

## Part II—Adoption Credit

### Line 2

The maximum adoption credit is \$13,190 per child. If you and another person (other than your spouse if filing jointly) each paid qualified adoption expenses to adopt the same child, the \$13,190 limit must be divided between the two of you. You can divide it in any way you both agree. Cross out the preprinted entry on line 2 and enter above line 2 your share of the \$13,190 limit for that child.

### Line 3

If you filed Form 8839 for a prior year for the same child, enter on line 3 the total of the amounts shown on lines 3 and 6 (or corresponding line) of the last form you filed for the child.

### Line 5



*Special rules apply if you paid expenses in connection with the adoption of an eligible foreign child. See [Column \(e\)](#), earlier, for details.*

Enter on line 5 the total qualified adoption expenses (as defined earlier) you paid in:

- 2013 if the adoption was not final by the end of 2014,
- 2013 and 2014 if the adoption became final in 2014, or
- 2014 if the adoption became final before 2014.



*Expenses reimbursed by your employer under a written qualified adoption assistance program are not qualified adoption expenses and must not be entered on line 5. See the examples following [Employer-Provided Adoption Benefits](#), earlier.*

**Special needs adoption.** If you adopted a U.S. child with special needs and the adoption became final in 2014, enter on line 5:

- \$13,190, minus
- Any qualified adoption expenses you used to figure any adoption credit you claimed for the same child in a prior year. This is the amount you entered on line 3 of Form 8839 for this child.

If you did not claim any adoption credit for the child in a prior year, enter \$13,190 on line 5 even if your qualified adoption expenses for the child were less than \$13,190 (and even if you did not have any qualified adoption expenses for this child).

## Adoption Credit Carryforward Worksheet—Line 16

1.	Enter the amount from Form 8839, line 12	1.	_____
	Did you use the Adoption Credit Carryforward Worksheet—Line 16 in the 2013 Form 8839 instructions?		
	<input type="checkbox"/> <b>No.</b> Skip lines 2 and 3. Enter the amount from line 1 of this worksheet on line 4.		
	<input type="checkbox"/> <b>Yes.</b> Have that worksheet handy and go to line 2.		
2.	Enter any 2012 credit carryforward (line 5 of your 2013 worksheet)	2.	_____
3.	Enter any 2013 credit carryforward (line 6 of your 2013 worksheet)	3.	_____
4.	Add lines 1 through 3	4.	_____
5.	Enter the amount from Form 8839, line 16	5.	_____
6.	Subtract line 5 from line 4	6.	_____
	Did you enter an amount on line 2 or 3 above?		
	<input type="checkbox"/> <b>No.</b> Enter the amount on line 6 on lines 11 and 12 below; skip all the other lines.		
	<input type="checkbox"/> <b>Yes.</b> Continue to line 7.		
7.	2012 credit carryforward to 2015. Subtract line 5 from line 2. If zero or less, enter -0-	7.	_____
8.	Subtract line 2 from line 5, If zero or less, enter -0-	8.	_____
9.	2013 credit carryforward to 2015. Subtract line 8 from line 3. If zero or less, enter -0-	9.	_____
10.	Add lines 7 and 9	10.	_____
11.	2014 credit carryforward to 2015. Subtract line 10 from line 6. If zero or less, enter -0-	11.	_____
12.	Total credit carryforward to 2015. Add lines 10 and 11	12.	_____

**Unsuccessful adoption.** If you paid qualified adoption expenses in an attempt to adopt a U.S. child and the attempt was unsuccessful, treat those expenses in the same manner as expenses you paid for adoptions not final by the end of the year.

**Example.** You paid \$3,000 of qualified adoption expenses in 2013 in an attempt to adopt a U.S. child. You paid \$2,000 in qualified adoption expenses early in 2014. However, the adoption attempt was unsuccessful. Enter \$3,000 on line 5. The \$2,000 paid in 2014 may qualify in 2015.

### Line 7

Use the following chart to find your modified adjusted gross income to enter on line 7.

IF you file . . .	THEN enter on line 7 the amount from . . .
Form 1040	Form 1040, line 38, increased by the total of any: <ul style="list-style-type: none"> <li>• Exclusion of income from Puerto Rico and</li> <li>• Amounts from—               <ul style="list-style-type: none"> <li>• Form 2555, lines 45 and 50,</li> <li>• Form 2555-EZ, line 18, and</li> <li>• Form 4563, line 15.</li> </ul> </li> </ul>
Form 1040NR	Form 1040NR, line 37.

### Line 15

Complete the credit limit worksheet to figure the limit of your nonrefundable adoption credit.

## Credit Limit Worksheet—Line 15

1.	Enter the amount from Form 8839, line 14	_____
2.	Enter the amount from Form 1040, line 47, or Form 1040NR, line 45	_____
3.	<b>1040 filers:</b> Enter the total of any amounts from Form 1040, lines 48 through 51; Form 5695, line 30; line 12 of the Line 11 Worksheet in Pub. 972; Form 8396, line 9; Form 8910, line 15; Form 8936, line 23; and Schedule R, line 22 <b>1040NR filers:</b> Enter the total of any amounts from Form 1040NR, lines 46 through 48; Form 5695, line 30; line 12 of the Line 11 Worksheet in Pub. 972; Form 8396, line 9; Form 8910, line 15; and Form 8936, line 23	} _____
4.	Subtract line 3 from line 2	_____
5.	Enter the smaller of line 1 or line 4 here and on Form 8839, line 15	_____

**TIP** If you are not claiming the child tax credit for 2014, you do not need Pub. 972.

## Line 16—Credit Carryforward to 2015

If Form 8839, line 15 is smaller than line 14, you may have an unused credit to carry forward to the next 5 years or until used, whichever comes first. Use the *Adoption Credit Carryforward Worksheet* to figure the amount of your credit carryforward. If you have any unused credit to carry forward to 2015, be sure you keep the worksheet. You will need it to figure your credit for 2015.

## Part III—Employer-Provided Adoption Benefits

### Line 17

The maximum amount that can be excluded from income for employer-provided adoption benefits is \$13,190 per child. If you

and another person (other than your spouse if filing jointly) each received employer-provided adoption benefits in connection with the adoption of the same eligible child, the \$13,190 limit must be divided between the two of you. You can divide it in any way you both agree. Cross out the preprinted entry on line 17 and enter above line 17 your share of the \$13,190 limit for that child.

## Line 18

If you received employer-provided adoption benefits in a prior year for the same child, enter on line 18 the total of the amounts shown on lines 18 and 22 (or corresponding lines) of the last Form 8839 you filed for the child.



*Special rules apply if the prior year benefits were received in connection with the adoption of a foreign child and the adoption became final in 2014. See [Exclusion of prior year benefits](#), earlier.*

## Line 22

If the child was a child with special needs and the adoption became final in 2014, enter the amount from line 19 only if your

employer has a qualified adoption assistance program, as defined earlier under [Employer-Provided Adoption Benefits](#). This requirement applies whether or not you received any employer-provided adoption benefits under this plan.

If your employer has no qualified adoption assistance program, you must enter the smaller of line 19 or line 20.

## Line 23

Use the following worksheet to figure your modified adjusted gross income.



*Your modified adjusted gross income (MAGI) for the adoption credit may not be the same as the MAGI figured in the following worksheet. If you are taking the credit, be sure to read [Line 7](#) before you enter an amount on that line.*

### Modified Adjusted Gross Income (MAGI) Worksheet—Line 23

Keep for Your Records



- Before you begin:** ✓ If you file Form 1040, complete lines 8a through 21, 23 through 32, and 36 if they apply.  
 ✓ If you file Form 1040NR, complete lines 9a through 21, 24 through 32, and 35 if they apply.

- |  |          |
|--|----------|
| 1. Enter the amount you would enter on line 7 of Form 1040 or line 8 of Form 1040NR if you could exclude the total amount on Form 8839, line 21 .....  | 1. _____ |
| 2. Enter the amount from Form 8839, line 21 .....  | 2. _____ |
| 3. <b>Form 1040 filers</b> , enter the total of lines 8a, 9a, 10 through 14, 15b, 16b, 17 through 19, 20b, and 21. <b>Form 1040NR filers</b> , enter the total of lines 9a, 10a, 11 through 15, 16b, 17b, and 18 through 21 .....  | 3. _____ |
| 4. Add lines 1, 2, and 3 .....   | 4. _____ |
| 5. <b>Form 1040 filers</b> , enter the total of lines 23 through 32, and any write-in adjustments entered on the dotted line next to line 36. <b>Form 1040NR filers</b> , enter the total of lines 24 through 32 and any write-in adjustments entered on the dotted line next to line 35 ..... | 5. _____ |
| 6. Subtract line 5 from line 4 .....   | 6. _____ |

**Form 1040 filers**, increase the amount on line 6 of this worksheet by the total of the following amounts. Enter the total on Form 8839, line 23.

- Any amount from **Form 2555**, lines 45 and 50, **Form 2555-EZ**, line 18, and **Form 4563**, line 15, and
- Any exclusion of income from Puerto Rico.

**Form 1040NR filers**, enter on Form 8839, line 23, the amount from line 6 of this worksheet.