

National Society of Tax Professionals

“Choosing the Correct Filing Status and
Determining Your Qualified Dependents”

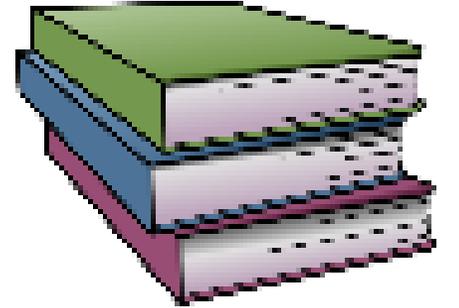
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NSTP's Recommended Reference Materials

- Internal Revenue Code:
 - Sec. **2(a)** Definition of **Surviving Spouse**
 - Sec. **2(b)** Definition of **Head of Household**
 - Sec. **151** Deductions for **Personal Exemptions**
 - Sec. **152** **Dependent** Defined
 - Sec. **7703** Determination of **Marital Status**



NSTP's Recommended Reference Materials

- Internal Revenue Code:
 - **Sec. 1** Tax Rates
 - **Sec. 21** Dependent Care Credit
 - **Sec. 23** Adoption Credit
 - **Sec. 24** Child Tax Credit
 - **Sec. 32** Earned Income Credit
 - **Sec. 36B** Premium Assistance Credit



NSTP's Recommended Reference Materials

- **Sec. 63** Standard Deduction Amounts
- **Sec. 71** Alimony & Separate Maintenance Payments
(Income)
- **Sec. 137** Employer Adoption Assistance
- **Sec. 215** Alimony & Separate Maintenance Payments
(Deduction)



NSTP's Recommended Reference Materials

- **IRS Publications:**

- **501 Exemptions, Standard Deduction, and Filing Status**
- **503 Child and Dependent Care Expenses**
- **504 Divorced or Separated Individuals**
- **559 Survivors, Executors and Administrators**



NSTP's Recommended Reference Materials

- **596** Earned Income Credit
- **929** Tax Rules for Children & Dependents
- **971** Innocent Spouse Relief
- **972** Child Tax Credit
- **974** Premium Tax Credit
- **5156** Shared Responsibility Payments



NSTP's Recommended Reference Materials

- **IRS Forms:**
- **Sch. EIC** Earned Income Credit
- **2441** Child and Dependent Care Expenses
- **8332** Release/Revocation of release of Claim to Exemption for Child by Custodial Parent
- **8379** Injured Spouse Allocation
- **8812** Child Tax Credit

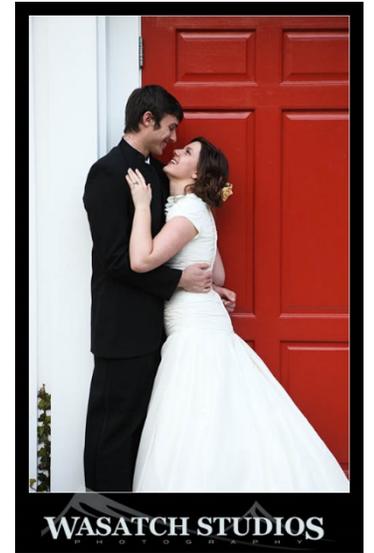


NSTP's Recommended Reference Materials

- **8814** Parent's Election to Report Child's Interest and Dividends
- **8839** Qualified Adoption Expenses
- **8857** Request for Innocent Spouse Relief
- **8962** Premium Tax Credit
- **8965** Health Coverage Exemptions



Marital Status



- Married Persons on the last day of the tax year
 - Married and living together
 - Living together in a Common Law marriage recognized where the couple lives now or in the State where the Common Law marriage began
 - Married and living apart **but** not legally separated under a decree of divorce or separate maintenance
 - Separated under an interlocutory (not final) decree of divorce



Same-sex Marriage

- **Lawfully** married in a State (or foreign country) whose laws authorize the marriage of two individuals of the same sex
- Can **live** in a State (or foreign country) that does **not** recognize same-sex marriage
- Registered domestic partnerships, civil unions or other similar relationships: **not** marriages
- **“State”** includes District of Columbia, Puerto Rico, and U.S. territories and possessions
- **“Foreign country”** includes *any foreign jurisdiction* with legal authority to sanction marriage (Indian Tribes)



Marital Status

- Unmarried persons
- Divorced persons
- Divorce and remarriage
- Annulled Marriages
- Head of Household
- Spouse died during the year
- Qualifying widow(er) with dependent child



Filing a Joint Return

- Joint responsibility for the tax
- Relief from joint responsibility
- Nonresident alien or dual-status alien
- Joint return after separate returns
- Separate returns after joint return
 - **Exception** for personal representative for a decedent



Head of Household Filing Status

- Unmarried or considered unmarried on *last day* of the year
- Paid *more than* half the cost of keeping up a home for the year
- A qualifying person lived with taxpayer for *more than* half the year *except for* temporary absences. **Exception:** Parent does not have to live with taxpayer
- Spouse did not live with taxpayer during the *last 6* months of tax year
- Home qualified as main home of taxpayer's child, step-child or foster child for *more than* half the year
- Taxpayer must claim an exemption for the child *unless* noncustodial parent can claim.



Qualifying Widow(er) With Dependent Child

- Joint filing status in year of death
- Qualifying widow(er) filing status for the 2 years following the year of death
- Were *entitled* to file a joint return in year of death (did not have to)
- Child or step-child for whom taxpayer can claim an exemption



Qualifying Widow(er) With Dependent Child

- Child lived in taxpayer's home all year *except for* temporary absences
- Taxpayer paid *more than* half the cost of keeping up a home for the year
- Allows joint return tax rates
- Allows highest standard deduction amount if taxpayer does not elect to itemize deduction on Schedule A



Exemptions

- Personal exemption
- Spouse's exemption
- Citizen or resident
- Dependents exemptions:
 - Qualifying child tests
 - Relationship
 - Age
 - Residency
 - Support
 - Joint return



Qualifying Child Tests

- **Relationship:** child, step-child, foster child, (descendants: grandchild);
 - siblings, half-siblings, step-siblings, (descendants: niece)
- **Age:** child *under 19* and younger than taxpayer or spouse;
 - student *under 24* and younger than taxpayer or spouse
 - Permanently and totally disabled at anytime during year regardless of age
- **Residency:** child lived with taxpayer *more than* half the year *except for* temporary absences of either taxpayer or child



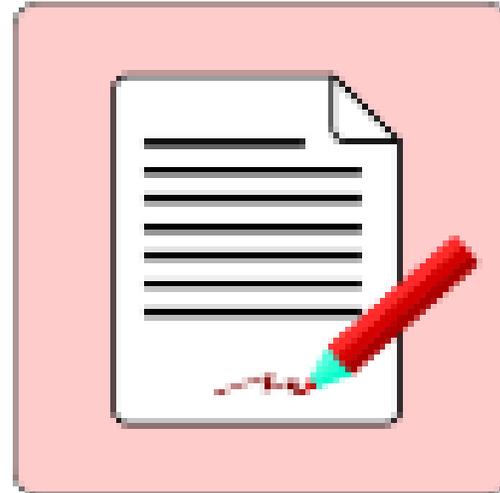
Qualifying Child Tests

- Death or birth of a child
- Child born alive vs. Stillborn child
- Kidnapped child
- **Children of divorced or separated parents:**
 - Custodial parent vs. noncustodial parent
 - Equal number of nights
 - Emancipated child
 - Parent works at night



Qualifying Child Tests

- **Written** Declaration to release exemption to noncustodial parent
- **Form 8332** Release/Revocation
- **Attached** to return of noncustodial parent
- **Post**-1984 and **pre**-2009 divorce decree or separation agreement
- **Post** 2008 divorce decree or separation agreement
- Tie-breaking rules



Qualifying Child Tests

- **Support:** Child cannot provide *more than* half of own support
 - Worksheet in IRS Publication 501 available to determine support
 - Foster care payments received for support from agencies or state: not provided by taxpayer
 - Scholarships received by student not support by student



Qualifying Child Test

- **Joint Return Test:**

- Child cannot file joint return
- *Exception* if child or spouse file to claim a refund for tax withheld or estimated payments



Qualifying Relative Tests

- **Not a Qualifying Relative Test:**

- *relative not a qualifying relative if taxpayer's qualifying child or qualifying child of any other taxpayer

- **Member of Household or Relationship Test:**

- Person must live with taxpayer *all year* long or be related to taxpayer under the status of “relatives not required to live with taxpayer”

- **Gross Income Test:**

- Person's gross income not beyond annual threshold amount (\$4,000 in 2015)



Qualifying Relative Tests

- **Support Test:**
 - Taxpayer must provide *more than* half of person's support
 - Total support includes: food, lodging, clothing, education, medical and dental care, recreation, transportation and similar necessities
- **Qualifying relative can be any age: No age test**



National Society of Tax Professionals

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- Have a great Forum

