

## **Top Ten Facts about the Adoption Tax Credit**

If you adopted or tried to adopt a child in 2015, you may qualify for a tax credit. Here are ten things you should know about the adoption credit.

- 1. Credit or Exclusion.** The credit is nonrefundable. This means that the credit may reduce your tax to zero. If the credit is more than your tax, you can't get any additional amount as a refund. If your employer helped pay for the adoption through a written qualified adoption assistance program, you may qualify to exclude that amount from tax.
- 2. Maximum Benefit.** The maximum adoption tax credit and exclusion for 2015 is \$13,400 per child.
- 3. Credit Carryover.** If your credit is more than your tax, you can carry any unused credit forward. This means that if you have an unused credit in 2015, you can use it to reduce your taxes for 2016. You can do this for up to five years, or until you fully use the credit, whichever comes first.
- 4. Eligible Child.** An eligible child is an individual under age 18 or a person who is physically or mentally unable to care for themself.
- 5. Qualified Expenses.** Adoption expenses must be directly related to the adoption of the child and be reasonable and necessary. Types of expenses that can qualify include adoption fees, court costs, attorney fees and travel.
- 6. Domestic or Foreign Adoptions.** In most cases, you can claim the credit whether the adoption is domestic or foreign. However, the timing rules for which expenses to include differ between the two types of adoption.
- 7. Special Needs Child.** If you adopted an eligible U.S. child with special needs and the adoption is final, a special rule applies. You may be able to take the tax credit even if you didn't pay any qualified adoption expenses.
- 8. No Double Benefit.** Depending on the adoption's cost, you may be able to claim both the tax credit and the exclusion. However, you can't claim both a credit and exclusion for the same expenses. This rule prevents you from claiming both tax benefits for the same expense.
- 9. Income Limits.** The credit and exclusion are subject to income limitations. The limits may reduce or eliminate the amount you can claim depending on the amount of your income.
- 10. IRS Free File.** You can use IRS Free File to prepare and e-file your federal tax return for free. File Form 8839, Qualified Adoption Expenses, with your Form 1040. Free File is only available on [IRS.gov/freefile](https://www.irs.gov/freefile).

Each and every taxpayer has a set of fundamental rights they should be aware of when dealing with the IRS. These are your Taxpayer Bill of Rights. Explore your rights and our obligations to protect them on [IRS.gov](https://www.irs.gov).

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