

Adoption Expert Webinar

The Adoption Tax Credit

EXPERT:
Becky Wilmoth, EA



This webinar is brought to you by:



America's Christian Credit Union is committed to helping members make an impact in the culture around them. One of the most beautiful ways is by helping the orphaned find a loving and forever family.

Type your questions in the box to the right >>

Adoptive Families Expert Webinars
www.adoptivefamilies.com/webinars

ABOUT US:

Becky Wilmoth, *Enrolled Agent*

Adoption Tax Credit Specialist® at Bills Tax Service

Member Of:

National Council for Adoption/National Adoption League

North American Council on Adoptable Children

Kaskaskia College Business/Accounting Advisory Board

National Association of Enrolled Agents

National Association of Tax Professionals

Illinois Society of Enrolled Agents

National Foster Parent Association

Guest writer for Adoption Today, Foster Families,
Parent Match, Fund Your Adoption & many webinar, podcasts,
& radio shows with adoption organizations.

Jaime Newcomb, *Enrolled Agent*

Board of Directors Southern Baptist Children's Home

Owner of Bills Tax Service

Bills Tax Service is a member of
Christian Alliance for Orphans &
Blessed by adoption!

What is the Adoption Tax Credit?

- The adoption tax credit was enacted as a way to help make adoption more affordable.
- The credit became refundable for 2010 & 2011 as a part of the “Health Care and Education Reconciliation Act of 2010”
- The “American Taxpayer Relief Act of 2012” has made it permanent and set the Adoption Tax Credit at \$12,970 for 2013 and beyond. It will be indexed for inflation.
- Some states also offer a one-time Adoption Tax Credit or a continued Credit until adopted child is 18 years of age.
- Senators Bob Casey (D-PA) and Roy Blunt (R-MO) introduced the “Adoption Tax Credit Refundability Act” **BILL S.950** – Contact your Senators!
- Reps. Black, Davis, McDermott, and Franks introduced the House companion bill, **H.R. 2434**. Contact your Representative!

Qualified Adoption Expenses

- **Adoption expenses** include any and all costs directly relating to your adoption and that are reasonable and necessary for your adoption.
- **Eligible expenses** must be "directly related" to the adoption of an eligible child. This may include adoption fees, legal fees, court costs, and traveling expenses. Expenses for a failed adoption might qualify for the credit if followed by a successful adoption, but the two adoption efforts would be considered as one adoption and subject to the dollar limit per eligible child.

Who Qualifies for the Adoption Tax Credit?

- **Private, Domestic, or International Adoption:** You qualify for the Adoption Tax Credit if you adopted a child (except spouse's child) and paid out-of-pocket expenses relating to the adoption. The amount of the tax credit you qualify for is directly related to how much you spent on adoption-related expenses. Income can also be excluded as taxable through an employer-provided adoption benefit program. Both a credit and exclusion may be claimed for the same adoption; however, both cannot be claimed for the same expense.
- No international adoption is considered special needs for IRS purposes, so it will be for amount of qualified expenses.
- **Foster Adoption:** If you adopt a special needs child through foster care, you are entitled to claim the full amount of the adoption credit without any out of pocket expenses. Each state has different criteria that qualify a child as special needs. The special needs declaration ***must come from the state in which the adoption was final***. The "Subsidy Agreement" has the determination of special needs that the IRS accepts. Some states call it the "Adoption Eligibility Assistance Determination."

IRS Documentation

What documentation do I need to keep for the IRS?

- Final Judgment of Adoption (all adoptions)
- Adoption Assistance Eligibility Determination (Subsidy Agreement) that declares the child special needs if claiming credit for a child declared special needs by your state through foster care. (foster adoptions)
- A home study/placement agreement completed by an authorized placement agency. (all adoptions except foster)
- All documentation of paid qualified expenses. (all adoptions except foster)
- All documents must be signed and dated. (all adoptions)
The IRS will not accept any Home study/Placement agreement, Judgment of Adoption, or Subsidy agreement/Eligibility agreement without it being signed and dated by the proper authorities.

Adoption Tax Credit Amounts

- **2017:** \$ 13,570, non-refundable
- **2016:** \$ 13,460, non-refundable
- **2015:** \$ 13,400, non-refundable
- **2014:** \$ 13,190, non-refundable

Adoption Tax Credit Income Phase-Out Ranges

- 2017: \$203,540 - \$243,540
- 2016: \$201,920 - \$241,920
- 2015: \$201,010 - \$241,010
- 2014: \$197,880 - \$237,880

FOR YOUR INFORMATION

- All grants are subtracted from expenses
- If special needs child – no expenses necessary
- Cannot be child of either parent(stepchild)
- A tax credit is a dollar for dollar reduction in your overall tax liability. A tax deduction lowers your income, which in turn lowers your taxes according to your tax bracket
- Adoption Assistance provided by an employer may be excluded from an employee's taxable income

Important Links

Legislation concerning the Adoption Tax Credit:

www.adoptiontaxcredit.org

Form 8839:

www.irs.gov/pub/irs-pdf/f8839.pdf

Resources:

www.adoptioncouncil.org

www.juliegumm.com

www.adoptiontaxcreditspecialist.com

Q & A

ADOPTION ROCKS

To speak to an Adoption Tax Credit Specialist® call:

1-888-7ADOPT0

www.billstaxservice.com

email: becky@billstax2.com

Questions?

Please enter your questions for Becky Wilmoth, EA,
in the box to your right.



Please note: Attendance and all questions are confidential.
Only the moderator of the webinar will see the questions and the names of the attendees.

Adoptive Families does not provide financial, legal, medical, or mental health advice.
The material in this webinar is provided for educational purposes only.

Adoptive Families Expert Webinars
www.adoptivefamilies.com/webinars

Thank You!

A recording of this session will be posted at
www.adoptivefamilies.com/webinars

Thanks to our sponsor, America's Christian Credit Union, this recording will remain free

Join the site today for full access and benefits, including:

- Subscription to digital *Adoptive Families* magazine
- Access to this recording and the **rest of our audio archives**
- Full access to every article on the site
- Digital back issues
- Clip & Save handouts
- And more!

www.adoptivefamilies.com/join

This webinar is brought to you by:



America's Christian Credit Union is committed to helping members make an impact in the culture around them. One of the most beautiful ways is by helping the orphaned find a loving and forever family.

Adoptive Families Expert Webinars
www.adoptivefamilies.com/webinars