

Seven Facts about the Expanded Adoption Credit

You may be able to take a tax credit of up to \$13,170 for qualified expenses paid to adopt an eligible child. The Affordable Care Act increased the amount of the credit and made it refundable, which means it can increase the amount of your refund.

Here are seven things the IRS wants you to know about the expanded adoption credit.

1. Beginning in tax year 2010 the credit is refundable, meaning that you can get it even if you owe no tax.
2. For tax year 2010 you must file a paper tax return and Form 8839, Qualified Adoption Expenses, to get the credit and you must attach documents supporting the adoption.
3. Documents may include a final adoption decree, placement agreement from an authorized agency, court documents and the state's determination for special needs children.
4. Qualified adoption expenses are reasonable and necessary expenses directly related to the legal adoption of the child. These expenses may include adoption fees, court costs, attorney fees and travel expenses.
5. An eligible child must be under 18 years old, or physically or mentally incapable of caring for himself or herself.
6. If your modified adjusted gross income is more than \$182,520, your credit is reduced. If your modified AGI is \$222,520 or more, you cannot take the credit.
7. Taxpayers claiming the credit will still be able to use IRS Free File to prepare their returns, but the returns must be printed and mailed to the IRS, along with all required documentation.

For more information see the Adoption Benefits FAQ page available at <http://www.irs.gov> or the instructions to IRS Form 8839, Qualified Adoption Expenses, which can be downloaded from the website or ordered by calling 800-TAX-FORM (800-829-3676).