

IRS TAX TIP: TT-2010-08 Ten Tax Topics for Taxpayers with Tots and Teens

Got Kids? They may have an impact on your tax situation. Listed below are the top 10 things the IRS wants you to consider if you have children.

1. **Dependents**—In most cases, a child can be claimed as a dependent in the year they were born. For more information see IRS Publication 501, Exemptions, Standard Deduction, and Filing Information.
2. **Child Tax Credit**—You may be able to take this credit on your tax return for each of your children under age 17. If you do not benefit from the full amount of the Child Tax Credit, you may be eligible for the Additional Child Tax Credit. The Additional Child Tax Credit is a refundable credit and may give you a refund even if you do not owe any tax. For more information see IRS Publication 972, Child Tax Credit.
3. **Child and Dependent Care Credit**—You may be able to claim the credit if you pay someone to care for your child under age 13 so that you can work or look for work. For more information see IRS Publication 503, Child and Dependent Care Expenses.
4. **Earned Income Tax Credit**—The EITC is a benefit for certain people who work and have earned income from wages, self-employment or farming. EITC reduces the amount of tax you owe and may also give you a refund. For more information see IRS Publication 596, Earned Income Credit.
5. **Adoption Credit**—You may be able to take a tax credit for qualifying expenses paid to adopt an eligible child. For more information see the instructions for IRS Form 8839, Qualified Adoption Expenses.
6. **Children with Earned Income**—If your child has income earned from working they may be required to file a tax return. For more information see IRS Publication 501.
7. **Children with Investment Income**—Under certain circumstances a child's investment income may be taxed at the parent's tax rate. For more information see IRS Publication 929, Tax Rules for Children and Dependents.
8. **Coverdell Education Savings Account**—This savings account is used to pay qualified educational expenses at an eligible educational institution. Contributions are not deductible, however, qualified distributions generally are tax-free. For more information see IRS Publication 970, Tax Benefits for Education.
9. **Higher Education Credits**—Education tax credits can help offset the costs of education. The American Opportunity and the Lifetime Learning Credit are education credits that reduce your federal income tax dollar-for-dollar, unlike a deduction, which reduces your taxable income. For more information see IRS Publication 970.
10. **Student Loan Interest**—You may be able to deduct interest you pay on a qualified student loan. The deduction is claimed as an adjustment to income so you do not need to itemize your deductions. For more information see IRS Publication 970.

The forms and publications on these topics can be found on IRS.gov or by calling 800-TAX-FORM (800-829-3676).

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The Eternal Struggle...

The Fine Print

Needing to shed a few pounds, my husband and I went on a diet that had specific recipes for each meal of the day. I followed the instructions closely, dividing the finished recipe in half for our individual plates. We felt terrific and thought the diet was wonderful—we never felt hungry!

But when we realized we were gaining weight, not losing it, I checked the recipes again. There, in fine print, was: "Serves 6."

Hiding the Evidence

A member of a diet club bemoaned her lack of willpower. She'd made her family's favorite cake over the weekend, she explained, and they'd eaten half of it. The next day, however, the uneaten half beckoned. She cut herself a slice. Then another, and another. By the time she'd polished off the cake, she knew her husband would be disappointed.

"What did he say when he found out?" one club member asked.

"He never found out," she said. "I made another cake and ate half."

In Good Company

My daughter couldn't muster the willpower to lose unwanted pounds. One day, watching a svelte friend walking up our driveway, she lamented, "Linda's so skinny it makes me sick."

"If it bothers you," I suggested gently, "why don't you do something about it?"

"Good idea, Mom," she replied. Turning to her friend, she called out, "Hey, Linda, have a piece of chocolate cake."

Secret Switch

After noticing how trim my husband had become, a friend asked me how I had persuaded him to diet. It was then I shared my dark secret: "I put our teenage son's shorts in his underwear drawer."

Something to Prove

Although I was only a few pounds overweight, my wife was harping on me to diet. One evening we took a brisk walk downtown, and I surprised her by jumping over a parking meter, leapfrog style.

Pleased with myself, I said, "How many fat men do you know who can do that?"

"One," she retorted.

Subtle Hint

Although I knew I had put on a few pounds, I didn't consider myself overweight until the day I decided to clean my refrigerator. I sat on a chair in front of the appliance and reached in to wipe the back wall.

While I was in this position, my teenage son came into the kitchen. "Hi, Mom," he said.

"Whatcha doin', having lunch?" I started my diet that day.