



## Frequently Asked Questions (FAQs)

### Tax Implications for Resource Parents

As a foster parent, adoptive parent, guardian or kinship caregiver, you may have some questions about filing your tax returns. This information should not be considered legal or tax advice. Tax law is complicated and the information here is general information that might be a helpful starting point. Please consult a professional tax adviser or attorney before you file your taxes to review the qualifications for any of the tax benefits presented.

#### ***Do I have to report my foster care payments as income for tax purposes?***

Generally, as a resource parent, payments received from CFSA, or one of our contracted private agencies, are excluded from your income and are not reported on a tax return. This includes certain difficulty of care payments.

#### ***Can I claim my foster child on my tax return?***

That depends. As a resource parent, you may be able to claim a foster child as your dependent if that child meets several tests.

#### *The Citizen or Resident Test*

- You can claim a person as a dependent if that person is a U.S. citizen, U.S. resident alien, U.S. national, or a resident of Canada or Mexico.

**Note:** there is an exception for certain adopted children. If you are a U.S. citizen or U.S. national who has legally adopted a child who isn't a U.S. citizen, U.S. resident alien, or U.S. national, this test is met if the child lived with you as a member of your household all year. This exception also applies if the child was lawfully placed with you for legal adoption.

#### *Taxpayer Identification*

- You must show the social security number (SSN) of any dependent for whom you claim an exemption.
- If your dependent doesn't have and can't get an SSN, you must show the individual taxpayer identification number (ITIN) or adoption taxpayer identification number (ATIN) instead of an SSN.
- The identification number is to be provided by the agency if not already in the child's Passport Packet.

#### *The Qualifying Child Test*

- **Relationship.** The child must be your son, daughter, stepchild, **foster child**, brother, sister, half-brother, half-sister, stepbrother, stepsister, or a descendant of any of them.

- **Age.** The child must be (a) under age 19 at the end of the year and younger than you (or your spouse if filing jointly), (b) under age 24 at the end of the year, a student, and younger than you (or your spouse if filing jointly), or (c) any age if permanently and totally disabled.
- **Residency.** The child must have lived with you for more than half of the year (183 days minimum)
- **Support.** The child must not have provided more than half of his or her own support for the year.
- **Joint Return.** The child must not be filing a joint return for the year (unless that joint return is filed only to claim a refund of withheld income tax or estimated tax paid).

**Note:** Even if the child meets the rules to be a qualifying child of more than one person (e.g., a birth parent), the child can be claimed as a dependent on only one tax return.

### *The Qualifying Relative Test*

- The child can't be your qualifying child or the qualifying child of any other taxpayer.
- The child must either live with you all year as a member of your household or be a specified relative. This includes a child placed with you by an authorized placement agency or by judgment, decree, or other order of competent jurisdiction.
- The child's gross income for the year must be less than \$4,050.
- You must provide more than half of the child's total support for the year.

### ***Can I deduct expenses for the care of my foster child?***

If you cannot claim the child under the "qualifying child" or "qualifying relative" tests above, you may be able to deduct some of the costs of being a resource parent as a charitable contribution if you have no profit motive in providing the foster care and aren't, in fact, making a profit. A qualified organization (in this case, CFSA or a private foster care agency) must select the individuals you take into your home for foster care. You can deduct expenses that meet both of the following requirements:

1. They are unreimbursed out-of-pocket expenses to feed, clothe, and care for the foster child.
2. They are incurred primarily to benefit the qualified organization. For example, if you cared for a foster child because you wanted to adopt her, not to benefit the agency that placed her in your home, your unreimbursed expenses aren't deductible as charitable contributions.

### ***For further information:***

- See <http://www.irs.gov/pub/irs-pdf/p501.pdf> IRS Publication 501, Exemptions, Standard Deduction, and Filing Information
- See <https://www.irs.gov/pub/irs-pdf/p17.pdf> IRS Publication 17, Your Federal Income Tax For Individuals
- See <https://www.irs.gov/pub/irs-pdf/p526.pdf> IRS Publication 526, Charitable Contributions
- Visit The National Foster Parent Association at <http://www.nfpaonline.org/taxinfo> to download a guide to Federal Tax Benefits