

# Fact Sheet

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## Module 6: Exemptions

There are two types of exemptions:

- personal exemptions for taxpayer and spouse
- dependency exemptions for dependents

Each exemption reduces the income that is subject to tax by the exemption amount. In 2014, the exemption amount is \$3,950.

Taxpayers cannot claim an exemption for a person who can be claimed as a dependent on another tax return.

## Overview of the Rules for Claiming an Exemption for a Dependent

- You cannot claim any dependents if you, or your spouse if filing jointly, could be claimed as a dependent by another taxpayer.
- You cannot claim a married person who files a joint return as a dependent unless that joint return is only a claim for refund and there would be no tax liability for either spouse on separate returns.
- You cannot claim a person as a dependent unless that person is a U.S. citizen, U.S. resident alien, U.S. national, or a resident of Canada or Mexico.<sup>1</sup>
- You cannot claim a person as a dependent unless that person is your **qualifying child** or **qualifying relative**.

Tests To Be a Qualifying Child	Tests To Be a Qualifying Relative
<ol style="list-style-type: none"> <li>1. 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.</li> <li>2. 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 full-time student, and younger than you (or your spouse, if filing jointly) or (c) any age if permanently and totally disabled.</li> <li>3. The child must have lived with you for more than half of the year.<sup>2</sup></li> <li>4. The child must not have provided more than half of his or her own support for the year.<sup>5</sup></li> <li>5. The child is not filing a joint return for the year (unless that joint return is filed only as a claim for refund of income tax withheld or estimated tax paid).</li> <li>6. If the child meets the rules to be a qualifying child of more than one person, you must be the person entitled to claim the child as a qualifying child. See the “Qualifying Child of More Than One Person” chart.</li> </ol>	<ol style="list-style-type: none"> <li>1. The person cannot be your qualifying child or the qualifying child of anyone else. A child is not the qualifying child of any other taxpayer if the child’s parent (or any other person for whom the child is defined as a qualifying child) is not required to file an income tax return or files an income tax return only to get a refund of income tax withheld.</li> <li>2. The person either (a) must be related to you in one of the ways listed under <i>Relatives who do not have to live with you</i>, or (b) must live with you all year as a member of your household (and your relationship must not violate local law).<sup>2</sup></li> <li>3. The person’s gross income for the year must be less than \$3,950. Gross income means all income the person received in the form of money, goods, property and services that is not exempt from tax. Do not include social security benefits unless the person is married filing a separate return and lived with their spouse at any time during the tax year or if 1/2 the social security benefits plus their other gross income and tax exempt interest is more than \$25,000 (\$32,000 if MFJ)<sup>3</sup></li> <li>4. You must provide more than half of the person’s total support for the year.<sup>5</sup></li> </ol>

<sup>1</sup> There is an exception for certain adopted children.

<sup>2</sup> There are exceptions for temporary absences, children who were born or died during the year, children of divorced or separated parents or parents who never married, and kidnapped children.

<sup>3</sup> There is an exception if the person is disabled and has income from a sheltered workshop.

<sup>4</sup> There are exceptions for multiple support agreements, children of divorced or separated parents or parents who lived apart, and kidnapped children.

<sup>5</sup> If a person receives social security benefits and uses them toward his or her own support, those benefits are considered as provided by the person. Benefits provided by the state to a needy person (welfare, food stamps, housing, SSI) are generally considered support provided by the state.