



# Dependency Exemptions

2. List the names below of:

- everyone who lived with you last year (*other than your spouse*)
- anyone you supported but did not live with you last year

If additional space is needed check here  and list on page 3

Name (first, last) Do not enter your name or spouse's name below	Date of Birth (mm/dd/yy)	Relationship to you (for example: son, daughter, parent, none, etc)	Number of months lived in your home last year	US Citizen (yes/no)	Resident of US, Canada, or Mexico last year (yes/no)	Single or Married as of 12/31/16 (S/M)	Full-time Student last year (yes/no)	Totally and Permanently Disabled (yes/no)	To be completed by a Certified Volunteer Preparer				
									Is this person a qualifying child/relative of any other person? (yes/no)	Did this person provide more than 50% of his/her own support? (yes/no)	Did this person have less than \$4,050 of income? (yes/no)	Did the taxpayer(s) provide more than 50% of support for this person? (yes/no/N/A)	Did the taxpayer(s) pay more than half the cost of maintaining a home for this person? (yes/no)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)					



# About Dependency Exemptions

- TaxSlayer: Basic Information section, Dependents/Qualifying Person
- Additional resources listed in L&LT “References” tab
- Review all tips and cautions
- Read all examples and sample interviews
- We will review answers to each exercise in the lesson

# Objectives – Dependency Exemptions

- Determine if a taxpayer can claim an exemption for a dependent by applying the appropriate dependency test
- Determine how many exemptions a taxpayer can claim for dependents
- Time Required: 15 minutes

The image shows a screenshot of IRS dependency exemption tables. At the top, a header reads "Table 2: Dependency Exemption for Qualifying Relative". Below it, a box titled "Table 1: Dependency Exemption" is visible. This box includes a "TIP" icon and the text: "Begin with this table for both Qualifying Child and Qualifying Relative dependents. Probe/Action: Ask the taxpayer:". Below this, a table is partially visible with the following content:

step	Can you or your spouse (if filing jointly) be claimed as a dependent on someone else's	If YES: If you can be claimed as a dependent by another person, you may not claim anyone else as your
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To the right of the "Table 1" box, there is a vertical text block that reads: "you must first meet the requirements of steps 1-4 of Table 1) qualifying relative. (See steps.)"

# Topics



- Dependents
- Qualifying Child Tests
- Qualifying Relative Tests
- Children of Divorced or Separated Parents



## Key Terms

Definitions are always available in the L&LT online Glossary.

- Dependency Exemptions
- Dependency Tests
- Dependent
- Exemptions (Personal or Dependency)
- Qualifying Child
- Qualifying Relative

# Dependents

- A taxpayer can claim one exemption for each qualified dependent, thereby reducing their taxable income
- Who may be claimed as a dependent?
  - Qualifying child
  - Qualifying relative
- Three tests apply to both qualifying child and qualifying relative:
  - Dependent taxpayer – person who is a dependent on someone else's tax return cannot claim a dependent exemption
  - Joint return – person filing a joint return cannot be claimed as a dependent
  - Citizen or resident – dependent must be a U.S. citizen, U.S. resident alien, U.S. national, or a resident of Canada or Mexico

# Qualifying Child Tests

- Five additional tests for a qualifying child:
  - Relationship
  - Age
  - Residency
  - Support
  - Qualifying child of more than one person
- Review Pub 4012, Exemptions/Dependents tab, [Dependency Exemption Interview Tips](#)

<b>TIP</b>		
<b>Table 1: Dependency Exemption</b>		
Begin with this table for both Qualifying Child and Qualifying Relative dependents. Probe/Action: Ask the taxpayer:		
step <b>1</b>	Can you or your spouse (if filing jointly) be claimed as a dependent on someone else's tax return this year?	If YES: If you can be claimed as a dependent by another person, you may not claim anyone else as your dependent. If NO: Go to Step 2
step <b>2</b>	Was the person married as of December 31, 2016?	If YES: Go to Step 3 If NO: Go to Step 4
step <b>3</b>	Is the person filing a joint return for this tax year? ( <i>Answer "NO" if the person is filing a joint return only to claim a refund of income tax withheld or estimated tax paid.</i> )	If YES: You can't claim this person as a dependent. If NO: Go to Step 4
step <b>4</b>	Was the person a U.S. citizen, U.S. resident alien,	If YES: Go to Step 5 If NO: Go to Step 4

# Qualifying Relative Tests

- Four tests for a qualifying relative, in addition to dependent taxpayer, joint return, and citizen or resident:
  - Not a qualifying child
  - Member of household or relationship
  - Gross income
  - Support
- Review Pub 4012, Exemptions/Dependency & More Info tab
  - [Interview Tips for Qualifying Relative](#)
  - [Worksheet for Determining Support](#)

**Worksheet for Determining Support**

**Funds Belonging to the Person You Supported**

1. Enter the total funds belonging to the person you supported, including income received (taxable and nontaxable) and amounts borrowed during the year, plus the amount in savings and other accounts at the beginning of the year . . . . . 1. \_\_\_\_\_
2. Enter the amount on line 1 that was used for the person's support . . . . . 2. \_\_\_\_\_
3. Enter the amount on line 1 that was used for other purposes . . . . . 3. \_\_\_\_\_
4. Enter the total amount in the person's savings and other accounts at the end of the year . . . . . 4. \_\_\_\_\_
5. Add lines 2 through 4. (This amount should equal line 1.) . . . . . 5. \_\_\_\_\_

**Expenses for Entire Household (where the person you supported lived)**

6. Lodging (complete line 6a or 6b):
  - 6a. Enter the total rent paid . . . . . 6a. \_\_\_\_\_
  - 6b. Enter the fair rental value of the home. If the person you supported owned the home, also include this amount in line 21. . . . . 6b. \_\_\_\_\_
7. Enter the total food expenses . . . . . 7. \_\_\_\_\_
8. Enter the total amount of utilities (heat, light, water, etc. not included in line 6a or 6b) . . . . . 8. \_\_\_\_\_
9. Enter the total amount of repairs (not included in line 6a or 6b) . . . . . 9. \_\_\_\_\_
10. Enter the total of other expenses. Do not include expenses of maintaining the home, such as mortgage interest, real estate taxes, and insurance. . . . . 10. \_\_\_\_\_
11. Add lines 6a through 10. These are the total household expenses . . . . . 11. \_\_\_\_\_
12. Enter total number of persons who lived in the household . . . . . 12. \_\_\_\_\_

**Expenses for the Person You Supported**

13. Divide line 11 by line 12. This is the person's share of the household expenses . . . . . 13. \_\_\_\_\_
14. Enter the person's total clothing expenses . . . . . 14. \_\_\_\_\_
15. Enter the person's total education expenses . . . . . 15. \_\_\_\_\_
16. Enter the person's total medical and dental expenses not paid for or reimbursed by insurance . . . . . 16. \_\_\_\_\_
17. Enter the person's total travel and recreation expenses . . . . . 17. \_\_\_\_\_
18. Enter the total of the person's other expenses . . . . . 18. \_\_\_\_\_
19. Add lines 13 through 18. This is the total cost of the person's support for the year . . . . . 19. \_\_\_\_\_

**Did the Person Provide More Than Half of His or Her Own Support?**

20. Multiply line 19 by 50% (.50) . . . . . 20. \_\_\_\_\_
21. Enter the amount from line 2, plus the amount from line 6b if the person you supported owned the home. This is the amount the person provided for his or her own support . . . . . 21. \_\_\_\_\_
22. Is line 21 more than line 20? . . . . . 22. \_\_\_\_\_

No. You meet the support test for this person to be your qualifying child. If this person also meets the other tests to be a qualifying child, stop here; do not complete lines 23–25. Otherwise, go to line 23 and fill out the rest of the worksheet to determine if this person is your qualifying relative.

Yes. You do not meet the support test for this person to be either your qualifying child or your qualifying relative. Stop here.

# Children of Divorced or Separated Parents

- Special rules apply
- What is the difference between custodial and noncustodial parent?
- See table in Pub 4012, Exemptions/Dependents tab, [Children of Divorced or Separated Parents or Parents Who Live Apart](#)
- Custodial parents can revoke a release of claim to exemption they previously provided to the noncustodial parent on Form 8332

Form <b>8332</b> (Rev. January 2010) Department of the Treasury Internal Revenue Service	<b>Release/Revocation of Release of Claim to Exemption for Child by Custodial Parent</b>	OMB No. 1545-0074
▶ Attach a separate form for each child.		Attachment Sequence No. <b>115</b>
Name of noncustodial parent		Noncustodial parent's social security number (SSN) ▶
<b>Part I</b> Release of Claim to Exemption for Current Year		

 <b>Table 3: Children of Divorced or Separated Parents or Parents Who Live Apart</b>		
(Use this table when directed from Table 1 or Table 2 to determine if the exception applies to the qualifying child residency test or the qualifying relative support test) Probe/Action: Ask the taxpayer:		
<b>step 1</b> Did the child receive over half of his or her support from the parents who are: Divorced OR Legally separated under a decree of divorce or separate maintenance OR Separated under a written separation agreement OR Lived apart at all times during the last 6 months of the year?	If YES, go to Step 2. If NO, Table 3 doesn't apply.	
<b>step 2</b> Was the child in the custody of one or both parents for more than half the year?	If YES, go to Step 3. If NO, Table 3 doesn't apply.	

Name of child		
Release of claim to exemption	Custodial parent's SSN	Date
for this child for future tax years, also complete Part II. Release of Claim to Exemption for Future Years (if completed, see Noncustodial Parent on page 2.)		
Name of child		
Release of claim to exemption	Custodial parent's SSN	Date
Release of Claim to Exemption for Future Year(s)		
for		
Name of child		

# Summary

Conditions for taxpayer to claim a dependency exemption:

- Taxpayer must not be claimed as a dependent by another taxpayer.
- Cannot claim a married person who files a joint return unless:
  - Joint return is only to claim refund of withheld income tax or estimated tax paid
- Dependent must be a U.S. citizen, U.S. resident alien, U.S. national, or a resident of Canada or Mexico, for some part of the year.
- Dependent must be taxpayer's qualifying child or qualifying relative.