

# Updates for the 2009 Tax Year



- ☑ The maximum tax credit increases to \$12,150.
- ☑ The exclusion for employer-provided adoption benefits increases to \$12,150.
- ☑ If your modified Adjusted Gross Income (AGI) is more than \$182,180 your credit is reduced. If your modified AGI is \$222,180 or more, you cannot take the credit.
- ☑ The adoption tax credit can no longer be claimed on Form 1040A (short form). It must be claimed on Form 1040.
- ☑ Rules for determining when a foreign adoption becomes final. See Rev. Proc. 2005-31, 2005-26 I.R.B. 1874 available at [http://www.irs.gov/irb/2005-26\\_IRB/ar14.html](http://www.irs.gov/irb/2005-26_IRB/ar14.html)
- ☑ Publication 968 – Tax Benefits for Adoption is obsolete. The following information is available and current for tax year 2009.
  - ☑ Instructions for Form 8839 “Qualified Adoption Expenses” <http://www.irs.gov/pub/irs-pdf/i8839.pdf>  
Includes worksheets and instructions for calculating the adoption tax credit.
  - ☑ IRS Form 8839 “Qualified Adoption Expenses” <http://www.irs.gov/pub/irs-pdf/f8839.pdf>  
This form must be completed and filed with the Federal Tax Form (1040) in order to claim the adoption tax credit.
  - ☑ Additional information on the adoption tax credit can be found in Publication 17 – Your Federal Income Tax for Individuals:  
<http://www.irs.gov/publications/p17/ch37.html#d0e78233>  
Please note: Scroll down to see chapter 37.

## **For Next Year's Tax Planning (The 2010 Tax Year)**

On March 23, 2010 the Adoption Tax Credit (ATC), which was scheduled to expire in 2010, was extended through December 31, 2011. The highlights of the ATC are:

- The maximum credit was increased from \$12,150 to \$13,170
- The ATC was made refundable. If a family has no tax liability, the IRS will refund the amount due

To see a copy of The Patient Protection and Affordable Care Act go to Sec. 10909 (page 903):

[http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=111\\_cong\\_bills&docid=f:h3590enr.txt.pdf](http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=111_cong_bills&docid=f:h3590enr.txt.pdf)

**Please contact a tax professional for more information.**