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Tax Credit of \$10,000 or More Available to Many Adoptive Families

February 13 is Adoption Tax Credit Awareness Day

ALEXANDRIA, VA, February 7, 2012 — Families who adopted a U.S. child with special needs from foster care could claim a federal adoption tax credit even if they had no adoption expenses.

The National Society of Accountants (NSA) is promoting this generous tax credit opportunity – which includes tax credits of more than \$10,000 – in connection with Adoption Tax Credit Awareness Day on February 13. The special day was created by the North American Council on Adoptive Children (NACAC).

Children who receive adoption assistance/subsidy benefits are considered children with special needs. Even families who receive a deferred subsidy (\$0 per month but medical coverage through the subsidy program) are eligible.

All adoptive families (except those who adopted a step-child) are eligible for the credit, but those who adopt children other than those with special needs must have—and be able to document, if requested by the IRS—qualified adoption expenses.

A recent change in the tax law made these credits refundable. Families who adopted from 2005 to 2009 may be able to benefit from the refundable credit because credits from those years can be carried forward until 2010. For 2010 and 2011, you may be able to claim a refundable tax credit for qualified expenses paid to adopt an eligible child. The tax credit amount, which a taxpayer may claim one time per adopted child, is based on the year the adoption was finalized according to the following chart:

2012 – \$12,650

2011 – \$13,360

2010 -- \$13,170

2009 – \$12,150

2008 – \$11,650

2007 – \$11,390

2006 – \$10,960

2005 – \$10,630

“This tax credit is a well-deserved reward for families who adopt special-needs children, yet many families are not aware of it,” says NSA Executive Vice President John Ams. “We are pleased to support NACAC in this effort to publicize it, and NSA member accountants are aware of this important provision.”

Families with a 2011 federal modified adjusted gross income above \$225,210 cannot claim the credit; families with incomes above \$185,210 can claim part credit. Anyone with incomes below the lower amount should be able to claim the full credit. Adoptions from previous years had different income limits.

Details about the tax credit are available online at www.nacac.org. For more information about NSA, visit www.nsacct.org.

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