

GAP Tax Benefits for Grandparents

Did you know? Grandparents raising children may be entitled to important tax benefits.

Dependency Exemptions (IRC § 151) Dependency exemptions reduce your taxable income. These exemptions can reduce your income all the way to zero but not below zero.

You need a qualified relative (or qualified child, see below)

Taxpayer must provide more than half the cost of support

Dependent must earn less than the exemption amount

Dependent is not a qualifying child of another taxpayer

Family relationship-or-dependent lives with taxpayer full year

The Child Tax Credit (IRC § 24) The child tax credit can reduce your taxable income and it can also be treated as a refundable credit. This could mean a cash refund.

You need a qualified child

Taxpayer & child have same home for 183 days during year

Child is 16 years old or younger

Child has not provided more than half the child's support

Child is not married, did not file joint return

Family relationship

The Earned Income Credit (IRC § 32) The earned income credit can provide a big boost to low income workers (under 65 years old), especially those with dependents (dependents also eliminate taxpayer age limitation). The earned income credit is refundable.

You need earned income. If the credit is based on dependent(s), then the dependent(s) must meet the qualified child definition.

Earned income means wages or money earned by the self employed

A qualified child is 18 or younger or is 23 or younger and is also a student or is disabled.

File an income tax return to claim these benefits !!