



Extra Tax Savings For Parents

(NAPSA)—According to the Department of Agriculture, it will cost a middle-income family, on average, \$226,920 to raise a child born in 2010. Fortunately, the cost per child decreases for additional children. Similarly, the more kids you have, the bigger your tax savings.

“Uncle Sam offers several family-oriented tax benefits,” said TaxACT spokesperson Jessi Dolmage. “Determining which ones you qualify for can be confusing because of rules about filing status, itemized deductions and income levels.”

Tax preparation software solutions like TaxACT eliminate the guesswork. Answer simple questions to determine if you qualify, and the program will complete the tax forms and check your return for errors.

Here are some requirements for key tax breaks available on next year’s return. Although your 2012 tax return isn’t due until April 2013, you’ll want to keep receipts and detailed documentation throughout the year to substantiate the credits and deductions you claim.

Popular Credits And Deductions

- One out of four qualifying low- to moderate-income taxpayers overlook the Earned Income Tax Credit each year. If the credit eliminates taxes owed, you can receive the remaining amount as a refund. Married taxpayers must file joint returns.

- If you pay for the care of children under 13 years of age so you (and your spouse) can work, find work or attend school, you may be eligible for the Child & Dependent Care Credit. Examples of care include nursery school, preschool, before- and after-school care, day camps (no overnight) and in-home nanny care. The credit is worth 20 to 35 percent of your expenses, up to \$3,000 for one dependent or \$6,000 for two or more dependents, but phases out at higher levels.

- The Child Tax Credit may be worth up to \$1,000 per child. If you get less than the full amount because the credit eliminates your tax bill, you may qualify for the refundable Additional Child Tax Credit.



Whether you do your own taxes or hire a professional, it’s good to have a general idea of what tax breaks are available.

- You can claim your family’s unreimbursed medical and dental expenses over 7.5 percent of your adjusted gross income as an itemized deduction. Expenses must be for the diagnosis, cure, mitigation, treatment or prevention of disease or treatment. Premiums for medical, dental and some long-term care insurance and transportation costs may also qualify. Only prescription medications and insulin are eligible.

- The Adoption Credit will cover up to \$12,650 in adoption expenses paid during 2012 depending on your income. Expenses include court costs, adoption agency fees, attorney fees and travel.

- If you paid alimony in cash, you can deduct that amount even if you claim the standard deduction. If you received alimony, the IRS considers that taxable income; however, child support is not taxed.

- Some education savings plans offer tax benefits. A portion of distributions and earnings from Qualified Tuition Programs and Coverdell Education Savings Accounts for education expenses are generally tax free. Up to \$2,000 in annual contributions to Coverdell Savings Accounts are also tax free depending on your income level.

- Have children in college? If you claim them as dependents, you may qualify for the Student Loan Interest Deduction, American Opportunity Credit or Lifetime Learning Credit. Learn more about all education tax breaks in IRS Publication 970.

Learn More

Details about these and other child-related tax breaks can be found at www.irs.gov and www.taxact.com.