

# THE TAX PICTURE

## When “Kids” Become Caregivers

Ⓣ

(NAPSA)—For many members of the “sandwich generation,” balancing the needs of their children and parents is something they do every day. With their predecessors and descendants squeezing them in the middle like pastrami on rye bread, they seek relief wherever they can get it—even from the IRS.

Luckily, there are tax breaks that could relieve some of the financial burden and put more money in their pockets.

### Child Tax Credit

The maximum Child Tax Credit is \$1,000 (based on income and filing status) for each qualifying child under 17. Because this is a partially refundable tax credit, even taxpayers who do not owe taxes are eligible if they earned at least \$3,000 in 2010.

### Dependent Exemption

The \$3,650 qualifying child exemption allows taxpayers to claim a dependent exemption for their child, stepchild, adopted child, eligible foster child, sibling or step-sibling or a descendant of one of these. Qualifying children generally must:

- Be under age 19 or under age 24 and a full-time student and younger than the taxpayer or any age if permanently and totally disabled
- Live with the taxpayer for more than half the year (exceptions apply for birth, death and temporary absences)
- Not file a joint tax return for the year, unless the return was filed only to claim a refund of taxes withheld and neither spouse

would have a tax liability if separate returns were filed

- Be a U.S. citizen, U.S. national or resident of the U.S., Canada or Mexico

- Not provide more than 50 percent of their own support for the year.

Children are not required to have Social Security numbers, but without them they cannot be claimed as dependents on tax returns.

Also, a taxpayer who has a qualifying child may be eligible for other tax benefits, such as the Child and Dependent Care Credit and head of household filing status.

### Qualifying Relative Exemption

Taxpayers may also be able to claim the \$3,650 qualifying relative exemption for supporting their parents and grown children.

There are several requirements an individual must meet in order to be a qualifying relative of the taxpayer. Additionally, the taxpayer must provide more than 50 percent of the support of the individual who is a U.S. citizen, a U.S. national or a resident of the U.S., Canada or Mexico. Expenses eligible for calculating support include food, lodging, clothing, education, medical and dental care, recreation and transportation. He or she must not be a qualifying child of the taxpayer and must meet the member of household or relationship test and the gross income test.

For more information about family responsibilities and taxes, visit [www.hrblock.com](http://www.hrblock.com) or call (800) HR-BLOCK.