



AccountingAidSociety

Dependency

- Overview of Rules for Claiming a Dependent is included in your folder.

Intro to Dependents

What is a dependent?

- A person, other than the taxpayer or spouse, who entitles the taxpayer to claim a dependency exemption as defined by the IRS.
 - The deduction for personal and dependency exemptions is reduced to \$0 for tax years 2018 through 2025 by the Tax Cuts and Jobs Act.
- Dependents must pass a number of different tests in order to qualify
- Dependents are needed for State and City income tax returns
- Individuals who qualify to be claimed as a dependent may be required to file a tax return if they meet the filing requirements.

Intro to Dependents

Why Claim a Dependent?

- Even though the exemption amount is \$0, claiming a dependent can still provide key tax benefits:
 - **Child Tax Credit (CTC)**
 - **Additional Child Tax Credit (ACTC)**
 - **Credit for Other Dependents (ODC)**
 - **Earned Income Credit (EIC)**
 - **Child and Dependent Care Credit**
 - **Head of Household Filing Status**
 - **Other tax benefits based on dependency status**

All Dependent Rules

Types of Dependents & General Rules

- A dependent must be either a:
 - **Qualifying Child:** Usually a child or close family member under a certain age.
 - **Qualifying Relative:** Someone the taxpayer supports, even if not a child.
- Each has its own set of rules, but some requirements apply to both:
 - **Dependent Taxpayer Test**
 - **Joint Return Test**
 - **Citizen or Resident Test**
- Start with these general rules before checking specific qualifying child or relative tests

All Dependent Rules

General Dependency Tests (Apply to All Dependents)

- **Dependent Taxpayer Test**
 - A person who *can* be claimed as a dependent **cannot** claim any dependents themselves
- **Joint Return Test**
 - A married person filing jointly **can't be claimed** as a dependent
 - *Exception:* If the joint return is filed **only to claim a refund**, they may still qualify
- **Citizen or Resident Test**
 - Must be a:
 - U.S. citizen
 - U.S. resident alien
 - U.S. national
 - Or a resident of **Canada or Mexico**
 - *Exception:* Some adopted children and foreign students (see Pub 17)

Overview – Qualifying Child (QC) Tests

→ Must meet all five tests:

- 1. Relationship**
- 2. Age**
- 3. Residency**
- 4. Support**
- 5. Joint Return**

We'll break down each test next.

☒ Reference: Pub 4012 Tab C, page 3

Relationship Test – Qualifying Child

To meet the **relationship test**, the individual must be your:

- **Child, stepchild, foster child, or adopted child**
- **Brother, sister, half sibling, or step-sibling**
- **Descendant** of any of the above (e.g., grandchild, niece, nephew)

Special Notes:

- **Adopted Child** is always treated as your own
 - Includes a child lawfully placed with you for legal adoption
- **Foster Child** must be placed by a court or authorized agency

☒ **Reference: Pub 4012 ,Tab C, page 3**



Special Definitions: Adopted & Foster Children

Adopted Child

- Treated the same as the taxpayer's biological child
- Includes children lawfully placed with the taxpayer for legal adoption

Foster Child

- Must be placed by:
 - An authorized placement agency, **or**
 - A court order or decree
- Qualifies for tax benefits if other dependency tests are met

Relationship Test Example

Scenario: Elijah's Household

Taxpayer: Elijah

Filing Status: Single

Dependents on Return:

- **Micah**, age 12 – Elijah's biological son
- **Tiana**, age 6 – Elijah's legally adopted daughter
- **Andre**, age 15 – Elijah's nephew (his sister's son)
- **Lena**, age 10 – A foster child placed in Elijah's care by court order

 **Do These Children Meet the Relationship Test?**

Relationship Test Example

✓ Do These Children Meet the Relationship Test?

- **Micah (son):**
✓ Yes – Biological child → qualifies
- **Tiana (adopted daughter):**
✓ Yes – Treated the same as a biological child for tax purposes
- **Andre (nephew):**
✓ Yes – A descendant of Elijah's sister → meets relationship test
- **Lena (foster child):**
✓ Yes – Placed with Elijah by court order → qualifies under foster child rules

💡 Conclusion:

All four children **meet the Relationship Test** for dependency purposes. If they also meet the other tests (age, support, residency, etc.), Elijah can claim them as qualifying children for tax credits like the **Child Tax Credit** or **Credit for Other Dependents**.

(Source: IRS Publication 4012, Tab C & G, Relationship Test)

Age Test – Qualifying Child

To meet the **Age Test**, the child must be:

- **Under age 19** at the end of the year **and younger than** the taxpayer (or spouse, if filing jointly),
OR
- **A full-time student under age 24** at the end of the year **and younger than** the taxpayer (or spouse),
OR
- **Any age if permanently and totally disabled**

Disability Definition:

- Unable to engage in **substantial gainful activity** due to a physical or mental condition
- A doctor must certify it is expected to last **at least a year** or result in **death**

☒ Reference: Pub 4012 .Tab C, page 5



Qualifying Child Tests – Age Test Cont

Full-Time Student Test – Qualifying Child

To meet this test, the individual must:

- Be enrolled as a **full-time student for any part of at least 5 calendar months** during the year
 - Months **do not have to be consecutive**
 - Applies even if the student graduated or started school mid-year
- Be attending a school that:
 - Has a **regular teaching staff**
 - Offers a **standard course of study**
 - Has a **regularly enrolled student body**
- May also include students in a:
 - **Full-time on-farm training program** provided by a qualifying school or by a **state, county, or local government agency**

Note: Online and virtual schools may qualify if they meet the above criteria.

For more guidance, see IRS Publication 17.

Age Test Example

Scenario: Keisha's Dependents

Taxpayer: Keisha

Filing Status: Head of Household

Dependents Claimed:

- **Jalen**, age 17 – Keisha's son, lives with her full time
- **Nina**, age 22 – Keisha's daughter, enrolled full-time at a university
- **Isaiah**, age 28 – Keisha's stepson, permanently and totally disabled due to a medical condition diagnosed 2 years ago

Do They Meet the Age Test?

Age Test Example

Do They Meet the Age Test?

- **Jalen (17 years old):**
 - ✓ Yes – Under age 19 and younger than Keisha → meets the age test
- **Nina (22 years old):**
 - ✓ Yes – Under age 24, a **full-time student**, and younger than Keisha → meets the age test
(*Student definition covered on next slide*)
- **Isaiah (28 years old):**
 - ✓ Yes – Although older, he is **permanently and totally disabled** and meets both conditions:
 - Unable to engage in substantial gainful activity
 - Disability is long-term and certified by a doctor → meets the age test regardless of age

Conclusion:

All three dependents **meet the Age Test** for qualifying child status, as each fits one of the three allowable criteria under IRS rules.

(Source: IRS Publication 4012, Tab C & G, Age Test)

Residency Test – Qualifying Child

- Child must live with taxpayer **more than half the year.**
 - The taxpayer's home is any location where they regularly live; it does not need to be a traditional home. For example, a child who lived with the taxpayer for more than half the year in one or more homeless shelters meets the residency test.

There are exceptions for:

- Temporary absences
- Children who were born or died during the year
- Kidnapped children
- Children of divorced or separated parents.

☒ Reference: Pub 4012 ,Tab C, page 3



Residency Test – Qualifying Child

One of the **five required tests** for a qualifying child

To meet this test:

- The child must have **lived with the taxpayer for more than half the year**
- The taxpayer's "home" can be **any regular living location**, including:
 - **Homeless shelters**
 - **Temporary housing**
 - **Non-traditional residences**

Key Exceptions:

- **Temporary Absences** – Time away for school, medical care, military, etc., still counts as living with the taxpayer
- **Child Born or Died During the Year** – Considered to meet the test if lived with taxpayer entire time alive
- **Kidnapped Child** – May qualify if IRS conditions are met
- **Divorced or Separated Parents** – Special tie-breaker rules and Form 8332 may apply

Residency Test Exceptions – Temporary absences

- **Residency Test – Exceptions**
 - **Temporary absences** – The child is considered to have lived with the taxpayer during periods of time when either the child or the taxpayer is temporarily absent due to:
 - Illness, education, business, vacation, military service, institutionalized care for a child who is permanently and totally disabled, or incarceration.

Example:

Anthony is a single father claiming his daughter, **Leila**, age 12, as a dependent. Leila lives with Anthony full-time, but in 2025 she spent 5 months at a **boarding school** out of state.

Key Detail:

Leila returned home for holidays and summer break and remained in contact with Anthony throughout the year.

Does Leila Meet the Residency Test?

Residency Test Exceptions – Temporary absences

Does Leila Meet the Residency Test?

- ✓ Yes – Time spent away at **school** is considered a **temporary absence** for education. Leila is still treated as **living with Anthony** during that time.

✓ Conclusion:

Even with her being away for part of the year, Leila is considered to have lived with Anthony **more than half the year** for tax purposes.

(Source: *IRS Publication 4012, Tab C – Residency Test*)

Residency Test Exceptions – Birth or death of a child

- **Residency Test – Exceptions**
 - **Birth or death of a child** – A child who was born or died during the year is treated as having lived with the taxpayer more than half of the year if their home was the child's home more than half of the time the child was alive during the year. The same is true if the child lived with the taxpayer more than half the year except for any required hospital stay following birth.
 - In the case of a child who was born and died during the year, a SSN is not required but the return cannot be e-filed.
 - **Stillbirth** - Cannot be claimed as a dependent.

Example:

Olivia gave birth to a son, **Noah**, on **March 2, 2025**. Sadly, Noah passed away on **June 15, 2025**.
Noah lived at home with Olivia the entire time he was alive, except for a short **hospital stay after birth**.

Does Noah Meet the Residency Test?

Residency Test Exceptions – Birth or death of a child

Does Noah Meet the Residency Test?

- ✓ Yes – Because **Olivia's home was Noah's home for more than half of the time he was alive**, he is treated as having lived with her more than half of the year.



Important Notes:

- If a **child is born and dies in the same year**, a **Social Security number is not required**
- However, the return **must be paper filed** (it **cannot be e-filed**)
- A **stillbirth cannot be claimed** as a dependent under IRS rules

(Source: IRS Publication 4012, Tab C – Residency Test)

Residency Test Exceptions – Kidnapped child

Residency Test – Exceptions

- **Kidnapped child** – Taxpayer may be able to treat their kidnapped child as meeting the residency test – See Pub. 17.

Example:

Monica is the mother of Daniel, age 9. Daniel lived with Monica from January through April 2025. In early May, Daniel was kidnapped by an unrelated person. Law enforcement opened a case and confirmed Daniel was presumed to have been kidnapped.

Can Monica Claim Daniel as a Dependent?

Residency Test Exceptions – Kidnapped child

Can Monica Claim Daniel as a Dependent?

✓ **Yes** – Daniel is treated as having **lived with Monica for the entire year** because:

- He **lived with her for more than half the time** before the kidnapping
- The **kidnapper is not related** to either Monica or Daniel
- Monica **would have met all other tests** to claim him as a qualifying child

Conclusion:

Monica may **claim Daniel** as a dependent and qualify for related credits (e.g., Child Tax Credit), assuming all other eligibility criteria are met.

 **Note:** This rule applies until Daniel is **returned** or **declared deceased** by authorities.
(See *IRS Publication 17* for details)

Residency Test Exceptions – Children of divorced or separated parents

Residency Test – Exceptions

- **Children of divorced or separated parents (or parents who live apart)** – In most cases, because of the residency test, a child of divorced or separated parents is the qualifying child of the custodial parent.
 - However, there is a special rule that will allow the child to be treated as the qualifying child of the noncustodial parent if certain conditions are met. This will be covered later in the presentation in the slides for *Special Rule for Divorced or Separated Parents*.

Residency Test Exceptions – Children of divorced or separated parents

Example:

James and Carla are divorced. Their daughter, **Emily**, age 8, **lives with Carla** (the mother) **more than half the year**, while James has visitation every other weekend.



Residency Test Result:

- **Carla is the custodial parent**, since Emily **lives with her the majority of the year**
- Therefore, **Emily is Carla's qualifying child** under the **residency test**
- **James is the noncustodial parent** and cannot claim Emily **unless** the special rule for divorced/separated parents applies (covered later)

Residency Test Exceptions – Children of divorced or separated parents

Example:

Who can claim Emily as a qualifying child for the Child Tax Credit?

- A. James (noncustodial parent)
- B. Carla (custodial parent)
- C. Both parents
- D. Neither parent

Residency Test Exceptions – Children of divorced or separated parents

Example:

Who can claim Emily as a qualifying child for the Child Tax Credit?

- A. James (noncustodial parent)
- B. Carla (custodial parent)**
- C. Both parents
- D. Neither parent

Support Test – Qualifying Child

- To meet the support test for a qualifying child, the child must not have provided more than half of their own support during the tax year.
 - **Note:** This differs from the support test for a qualifying relative.
- Own funds only count as support if they are actually used for support.
- State benefits (e.g., TANF, FIP, SNAP, SSI, Housing Assistance) are generally considered support from the state, not from the taxpayer.
- Social Security benefits used for the child's support are considered support from the child.
- Scholarships for students are not counted as the child's own support.

☒ Reference: Pub 4012 ,Tab C, page 3

Support Test – Qualifying Child (Cont.)

Support Test – Government Payments (Proposed Regulations)

- **Government payments based on need** (e.g., **TANF**) are generally considered **support provided by the government** when used for the recipient's own needs
- If those payments are used **to support others** (e.g., children), the support is treated as being **provided by the recipient**, not the government
 -  *Example:* A mother receives **TANF** and uses it to care for her child → she is considered to have **provided support** for the child
- These are **proposed regulations**, but **taxpayers may choose to rely on them** when applying the support test
- Use the **Worksheet for Determining Support** on **page C-9 of Pub 4012** to help determine if the test is met

References:

- Pub 4012, page **C-3**
- Pub 17 (2023), page **34**

Support Test – Example

Example:

Taylor, a single mother, claims her 10-year-old son, **Leo**, as a dependent.

During the year:

- Taylor received **\$6,000 in TANF (Temporary Assistance for Needy Families)**
- She used this money **entirely to pay for Leo's food, clothing, and housing**
- Leo also received **\$2,000 in child support** from his father
- Leo did **not provide any of his own support**



How Is Support Counted?

Support Test – Example



How Is Support Counted?

- Under **proposed IRS regulations**, TANF money used to support Leo is treated as **support provided by Taylor**, not the government
- Total support Leo received:
 - \$6,000 from Taylor (via TANF)
 - \$2,000 from his father
 - **Total = \$8,000**

Taylor provided **\$6,000 / \$8,000 = 75%** of Leo's total support.



Conclusion:

Since Taylor **provided more than half** of Leo's support, she **meets the Support Test** and can claim him as a dependent (if other tests are met).



Tip: Use the **Support Worksheet** on page C-9 of Pub 4012 to document this determination.

Joint Return Test – Qualifying Child

- **Joint Return Test:**
 - To meet this test, the child can't file a joint return for the year.
 - An exception to the joint return test applies if the child and the child's spouse file a joint return only to claim a refund of income tax withheld or estimated tax paid.

Joint Return Test – Example

Example:

Sarah is 20 years old, a full-time college student, and qualifies as a dependent of her mother, **Karen**.

Sarah got married in June 2025, and she and her spouse **filed a joint return** only to claim a **refund of federal income tax withheld** from their part-time jobs.

They **had no tax liability** and **weren't required to file** a return otherwise.

? Can Karen Still Claim Sarah as a Dependent?

Joint Return Test – Example

Example:

Sarah is 20 years old, a full-time college student, and qualifies as a dependent of her mother, **Karen**.

Sarah got married in June 2025, and she and her spouse **filed a joint return** only to claim a **refund of federal income tax withheld** from their part-time jobs.

They **had no tax liability** and **weren't required to file** a return otherwise.

❓ Can Karen Still Claim Sarah as a Dependent?

✓ **Yes** – Even though Sarah filed a **joint return**, she and her spouse did so **only to claim a refund** of taxes paid. This falls under the **exception to the Joint Return Test**.

💡 Conclusion:

Karen can still claim Sarah as a dependent **if all other tests are met**, because the **joint return was filed only to get a refund**, not to claim credits or reduce tax liability.

(Source: *IRS Publication 4012, Tab C – Joint Return Test*)

Can the Child Be the Qualifying Child of More Than One Person?

If a child **could be the qualifying child of more than one person**, **only one** can claim the child for tax benefits (except in certain divorce/separation cases).

The following **benefits cannot be split** between taxpayers:

- Claiming the **dependent**
- **Child Tax Credit or Credit for Other Dependents**
- **Head of Household** filing status
- **Child and Dependent Care Credit**
- **Dependent care benefit exclusion**
- **Earned Income Credit (EIC)**
- **Premium Tax Credit** (generally)

If two taxpayers have the same qualifying child, then **only one taxpayer can generally claim all of the benefits** for that particular qualifying child.

- They cannot agree to split these benefits.
- The other taxpayer cannot claim any of the benefits, based on the same qualifying child (unless the special rule applies for divorced or separated parents that would allow the noncustodial parent to claim some of the benefits).

Who Gets to Claim the Qualifying Child?

Use these **tie-breaker rules** when more than one person could claim the same child:

- If **only one** is the child's **parent**, the **parent gets to claim** the child.
- If the **parents file jointly**, the child is treated as their **qualifying child**.
- If the **parents don't file jointly** and both can claim the child:
 - The child is treated as the qualifying child of the parent with whom they **lived longer** during the year.
 - If time lived with both is **equal**, the parent with the **higher AGI** gets to claim the child.
- If **no parent** can claim the child:
 - The child is treated as the qualifying child of the **non-parent with the highest AGI** who meets all other tests.
- If a **parent could** claim the child but **chooses not to**:
 - A **non-parent** can claim the child **only if their AGI is higher than any parent's** who could have claimed the child.

Example

Scenario:

Alex and Jordan are separated and share custody of their daughter, Maya. In 2024:

- Maya lived **exactly 6 months** with Alex and **6 months** with Jordan
- **Both parents meet all dependency tests** and want to claim Maya
- They **do not file a joint return**

Income Info:

- Alex's Adjusted Gross Income (AGI): **\$48,000**
- Jordan's Adjusted Gross Income (AGI): **\$55,000**

Who can claim Maya as a qualifying child?

Example

Scenario:

Alex and Jordan are separated and share custody of their daughter, Maya. In 2024:

- Maya lived **exactly 6 months** with Alex and **6 months** with Jordan
- **Both parents meet all dependency tests** and want to claim Maya
- They **do not file a joint return**

Income Info:

- Alex's Adjusted Gross Income (AGI): **\$48,000**
- Jordan's Adjusted Gross Income (AGI): **\$55,000**

Who can claim Maya as a qualifying child?

Result:

Because Maya lived an equal amount of time with both parents, the **IRS tiebreaker rule** applies.

Under this rule, **Jordan** (the parent with the **higher AGI**) is allowed to claim Maya as a qualifying child.



Tiebreaker rules ensure only one person can claim the child when both are eligible but don't file jointly.

Example

Scenario:

Brenda and Marcus are divorced and share custody of their son, Liam. In 2024:

- Liam lived with **Brenda for 7 months** and **Marcus for 5 months**
- **Both parents want to claim Liam** on their tax returns
- They **do not file jointly**

Who can claim Liam?

Example

Scenario:

Brenda and Marcus are divorced and share custody of their son, Liam. In 2024:

- Liam lived with **Brenda for 7 months** and **Marcus for 5 months**
- **Both parents want to claim Liam** on their tax returns
- They **do not file jointly**

Result:

Since Liam lived with **Brenda for a longer period, she is treated as the qualifying parent** and gets to claim him.

Alternate Scenario:

If Liam lived **exactly 6 months with each parent**, then:

- The parent with the **higher Adjusted Gross Income (AGI)** is allowed to claim Liam.

 This rule applies only when **both parents meet all other tests** to claim the child.

Rule for Children of Divorced or Separated Parents or Parents Who Live Apart

Special Rule for Divorced or Separated Parents

A **noncustodial parent** may claim a child as a **qualifying child or qualifying relative** if **all** of the following apply:

- The parents are:
 - **Divorced, legally separated**, or
 - **Lived apart** the last 6 months of the year (regardless of marital status)
- The **child received over half of their support from the parents** (no multiple support agreement)
- The child lived with **one or both parents for more than half the year**
- The **custodial parent signs Form 8332** (or a similar written statement) giving up the dependency claim, and the **noncustodial parent attaches it** to their return
 - ◆ **Note:** For divorce agreements from **1985–2008**, certain pages from the agreement may be used instead of Form 8332.
 - ◆ For agreements before **1985**, refer to **Publication 17**.

Rule for Children of Divorced or Separated Parents or Parents Who Live Apart (cont.)

This table summarizes the benefits that remain with the custodial parent, even after they have released the claim to the dependent to the noncustodial parent.
(From Pub 4491, page 6-11.)

Who May Claim	Custodial Parent	Noncustodial Parent with Form 8332
Dependent		✓
Head of Household	✓	
Earned Income Credit (EIC)	✓	
Child Tax Credit or Credit for Other Dependents		✓
Dependent Care Credit	✓	
Education credits		✓
Premium Tax Credit		✓

Tiebreaker Rules for Qualifying Child of More than One Person Example

Example:

Maria and her 5-year-old son, **Carlos**, lived with Maria's sister, **Ana**, for the entire year. Maria is 28 years old, single, and has an **AGI of \$18,500**. Ana has an **AGI of \$32,000**. Carlos's father did not live with them and does not claim Carlos.

Carlos meets the **relationship, age, residency, support, and joint return tests** to be a **qualifying child for both Maria and Ana**. However, **only one person** can claim Carlos on their tax return.

Since **Maria is the parent**, and Ana is not, **Maria has the priority to claim Carlos** — assuming she chooses to do so.

Revocation of Release of Claim to an Exemption

- Custodial parents can revoke a release of claim to exemption they previously provided to the noncustodial parent on Form 8332 or a similar statement.
- The custodial parent must provide, or make a reasonable effort to provide, the noncustodial parent with written notice of the revocation in the calendar year prior to the tax year in which the revocation is to take effect.
- Part III of Form 8332 can be used for this purpose.
- Attach a copy of the revocation to the return for each tax year the child is claimed as a dependent as a result of the revocation.

Revocation of Release of Claim to an Exemption Example

Example:

Melissa and David are divorced. Their divorce agreement allowed David (the **noncustodial parent**) to claim their daughter, **Emma**, as a dependent each year using **Form 8332**, signed by Melissa (the **custodial parent**).

In **October 2024**, Melissa decides she wants to begin claiming Emma as her dependent starting in **tax year 2025** because Emma now lives with her full time and she provides most of her support.

Steps Melissa Takes to Revoke the Release:

1. In **October 2024**, Melissa **sends written notice** to David informing him that she is **revoking** the prior release of the dependency claim for Emma
 - She uses **Part III of Form 8332** to complete the revocation
2. Melissa **keeps a copy** of the written revocation and **files it with her 2025 tax return**
3. On her **2025 return (filed in 2026)**, Melissa claims Emma as a dependent and **attaches the revocation** of Form 8332

Revocation of Release of Claim to an Exemption Example

What is the earliest tax year Melissa can reclaim Emma as her dependent following the revocation?

- A. 2024
- B. 2025
- C. 2026
- D. The year after she notifies the IRS

Revocation of Release of Claim to an Exemption Example

What is the earliest tax year Melissa can reclaim Emma as her dependent following the revocation?

- A. 2024
- B. 2025**
- C. 2026
- D. The year after she notifies the IRS

 **Correct Answer: B. 2025**

Because Melissa notified David in 2024, the revocation takes effect for the next tax year—2025.

Overview – Qualifying Relative (QR) Tests

- If someone doesn't meet the rules to be a **qualifying child**, they might still qualify as a **qualifying relative**.
- To be a qualifying relative, the person must pass **three general tests** (dependent taxpayer, joint return, and citizen/resident) **plus four additional tests**:
 1. **Not be a Qualifying Child** for any taxpayer
 2. **Be related or live with you all year**
 3. **Have gross income under \$5,200 (2025)**
 4. **Receive more than 50% support** from the taxpayer

☒ Reference: Pub 4012 ,Tab C, page 3

Overview – Qualifying Relative (QR) Tests

Exception – Qualifying Relative Rule for a Child

- In general, a child **who is a qualifying child of another taxpayer** cannot be claimed as a **qualifying relative**
- **However, there is an exception** to this rule:
 - The child's parent (or other person for whom the child is a qualifying child):
 - **Is not required to file** a federal income tax return **and**
 - **Either does not file** a return, **or**
 - **Files only to claim a refund** of income tax withheld or estimated tax paid

 *This allows someone else to claim the child as a dependent under the qualifying relative rules when the parent is essentially "out of the tax picture."*

(Source: IRS Publication 4012, Tab C – Qualifying Relative Tests)

Relationship & Residency – Qualifying Relative

Member of Household or Relationship Test:

- To meet this test, the person must either:
 - Live as a member of the taxpayer's household all year, or
 - Be related to the taxpayer in one of the following ways:
 - Child, stepchild, foster child or a descendant of any of them
 - Brother, sister, half-brother, half-sister, stepbrother or stepsister
 - Father, mother, grandparent or other direct ancestor, but not foster parent
 - Stepfather or stepmother
 - Son or daughter of the taxpayer's brother or sister (nephew or niece)
 - Son or daughter of the taxpayer's half-brother or half-sister
 - Brother or sister of the taxpayer's father or mother (uncle or aunt)
 - Son-in-law, daughter-in-law, father-in-law, mother-in-law, brother-in-law, or sister-in-law
- Any of these relationships that were established by marriage are not ended by death or divorce.

Relationship & Residency – Qualifying Relative (cont.)

Member of Household or Relationship Test (cont.)

- **Temporary Absences:** Still considered part of the household if away for reasons like:
 - Illness, education, business, vacation, military service, or nursing home placement
- **Cousins:** Only meet the test if they **lived with the taxpayer all year**
- **Unrelated Persons:** May qualify as relatives **only if they lived with the taxpayer all year**
- **Household Employees:** Cannot be claimed as dependents (e.g., housekeepers)
- **Death or Birth During the Year:**
 - A person who **died during the year** meets the test if they lived with the taxpayer until death
 - A **child born during the year** meets the test if they lived with the taxpayer the rest of the year

 (Source: IRS Publication 4012, Tab C – Relationship Test)

Relationship & Residency – Example



Example: Relationship and Residency – Qualifying Relative

Scenario:

Maria lives with her **niece**, Jasmine, age 30, for the **entire year**. Jasmine is unemployed and has no income. Maria pays all household expenses, including rent, food, and utilities.

Maria wants to claim Jasmine as a **dependent** under the **qualifying relative** rules.

Question:

Does Jasmine meet the relationship or residency test for Maria to claim her as a qualifying relative?

- A. She meets the relationship test but not the residency test
- B. She meets the residency test but not the relationship test
- C. She meets **both** the relationship and residency tests
- D. She meets neither test

Relationship & Residency – Example



Example: Relationship and Residency – Qualifying Relative

Scenario:

Maria lives with her **niece**, Jasmine, age 30, for the **entire year**. Jasmine is unemployed and has no income. Maria pays all household expenses, including rent, food, and utilities. Maria wants to claim Jasmine as a **dependent** under the **qualifying relative** rules.

Question:

Does Jasmine meet the relationship or residency test for Maria to claim her as a qualifying relative?

- A. She meets the relationship test but not the residency test
- B. She meets the residency test but not the relationship test
- C. She meets both the relationship and residency tests**
- D. She meets neither test

Analysis:

- **Relationship Test:**
 - ✓ Jasmine is Maria's **niece** → meets the qualifying relative relationship requirement
- **Residency Test:**
 - ✓ Jasmine **lived with Maria all year** → meets the residency requirement (even if she weren't related)
- **Other tests** (support and gross income) must also be met — but this example focuses on **relationship and residency only**

Gross Income Test – Qualifying Relative

- Income must be **less than \$5,200** for 2025
- Includes taxable income: wages, interest, unemployment, etc.
 - Gross income means all income the person received in the form of money, goods, property, and services that isn't exempt from tax, including any income from sources outside the United States or from the sale of a main home (even if the person can exclude part or all of it).

☒ Reference: Pub 4012 ,Tab C, page 3



Support Test – Qualifying Relative

Support Test

To meet this test, the **taxpayer must have provided more than 50%** of the person's total support for the tax year.

Note: This differs from the **qualifying child test**, which checks if the **child provided over half of their own support**

Reminders:

- A person's **own funds** count **only if actually spent** on support
-  **State benefits** (e.g., TANF, FIP, Food Assistance, SSI, Housing) = **support from the state, not the taxpayer**
- Taxpayer may **rely on proposed regulations** to count some government benefits as support they provided
- **Social Security** used for the child's support = **support from the child**
- **Scholarships** aren't counted when determining if the child provided more than half of their own support
- Use the **Support Worksheet** on **page C-9 of Pub 4012** to help determine if the test is met



Multiple Support Agreements

- Sometimes no one provided **more than half the support of a person**.
- If **two or more people together provide more than 50%** of the individual's total support, this is considered a **multiple support**.
- In these cases, **one person** may claim the individual as a dependent **if**:
 - They provide **more than 10%** of the person's total support
 - They meet all other tests for claiming a **qualifying relative**
- To do this, the taxpayer must:
 - File **Form 2120, Multiple Support Declaration**, or a similar statement, with the tax return.
 - Obtain **written, signed statements** from the other contributors (over 10%) agreeing **not to claim the person** as a dependent for that year
 - **Keep the written agreements** for their records
-  **Important Reminders:**
 - Multiple Support Agreements apply **only to qualifying relatives, not qualifying children**
 - A dependent claimed under a multiple support agreement **does not qualify the taxpayer for Head of Household filing status**

(Source: IRS Publication 4012, Tab C – Support Test & Qualifying Relative)

Support test Example

Example:

Ashley works full-time and earns \$42,000. Her boyfriend, **Jake**, stays home to care for Ashley's 2-year-old son. Jake has **no income** and **lives with Ashley all year**.

Ashley pays for:

- Rent, groceries, utilities
- Jake's medical expenses, clothing, and personal care items

Question:

Can Ashley claim Jake as a dependent?

A. Yes

B. No

Support test Example

Example:

Ashley works full-time and earns \$42,000. Her boyfriend, **Jake**, stays home to care for Ashley's 2-year-old son. Jake has **no income** and **lives with Ashley all year**.

Ashley pays for:

- Rent, groceries, utilities
- Jake's medical expenses, clothing, and personal care items

Question:

Can Ashley claim Jake as a dependent?

A. Yes

B. No

✓ Ashley **provided more than 50%** of Jake's total support

✓ Jake **may qualify** as her **dependent** under the **qualifying relative rules**

(assuming all other tests are met)

Support test Example

Example:

Carlos wants to claim his mother, Rosa, as a dependent. She lives with him full-time. Carlos pays \$5,000 toward her living expenses, but Rosa receives **\$9,000 in Social Security benefits**, which she uses to cover her food, prescriptions, and personal spending.

Question:

Why can't Carlos claim Rosa as a dependent?

- A. She didn't live with him
- B. He didn't provide more than half her support
- C. Her income was too high
- D. She filed a joint return

Support test Example

Example:

Carlos wants to claim his mother, Rosa, as a dependent. She lives with him full-time. Carlos pays \$5,000 toward her living expenses, but Rosa receives **\$9,000 in Social Security benefits**, which she uses to cover her food, prescriptions, and personal spending.

Question:

Why can't Carlos claim Rosa as a dependent?

- A. She didn't live with him
- B. He didn't provide more than half her support**
- C. Her income was too high
- D. She filed a joint return

Result:

✗ Although Rosa lives with Carlos, she **uses her own funds** for most of her support

✗ Carlos **did not provide more than 50%** of her total support

→ The **Support Test is not met**, so **Rosa cannot be claimed** as a dependent

Common Pitfalls in Determining Dependency

- Skipping the full intake interview
- Forgetting temporary absences count
- Misunderstanding gross income or support tests



Practice Scenario

Scenario:

Carlos is preparing a tax return for a client who wants to claim her 15-year-old son as a **qualifying child**. Carlos reviews the standard IRS tests that must be met: age, support, relationship, residency, and joint return.

As he explains each requirement, the client asks, “Do I also need to check his **income** to see if he qualifies as my dependent?”

Question:

Which of the following is **NOT** one of the IRS tests for a **Qualifying Child**?

- A. Age
- B. Support
- C. Income
- D. Joint Return

Practice Scenario

Scenario:

Carlos is preparing a tax return for a client who wants to claim her 15-year-old son as a **qualifying child**. Carlos reviews the standard IRS tests that must be met: age, support, relationship, residency, and joint return.

As he explains each requirement, the client asks, “Do I also need to check his **income** to see if he qualifies as my dependent?”

Question:

Which of the following is **NOT** one of the IRS tests for a **Qualifying Child**?

- A. Age
- B. Support
- C. Income**
- D. Joint Return

 **Correct Answer: C. Income**

Income is not a test for qualifying children — it's a factor only for qualifying relatives.

Practice Scenario

Scenario:

Janelle is reviewing a return for a client who wants to claim her 9-year-old nephew, Malik, as a **qualifying child**. The client says Malik moved in with her in May and stayed through the end of the year.

Janelle checks whether Malik meets the **residency test** for a qualifying child.

?

Question:

To meet the **residency test**, a child must live with the taxpayer for:

- A. 3 months
- B. The entire year
- C. More than 6 months
- D. Any part of the year

Practice Scenario

Scenario:

Janelle is reviewing a return for a client who wants to claim her 9-year-old nephew, Malik, as a **qualifying child**. The client says Malik moved in with her in May and stayed through the end of the year.

Janelle checks whether Malik meets the **residency test** for a qualifying child.

Question:

To meet the **residency test**, a child must live with the taxpayer for:

- A. 3 months
- B. The entire year
- C. More than 6 months**
- D. Any part of the year

 **Correct Answer: C. More than 6 months**

Practice Scenario

Scenario:

Jason is preparing a return for a client who wants to claim her **25-year-old son**, Daniel, as a **qualifying child**. Daniel is a **full-time student** and earned **\$5,000** working part-time.

Jason needs to determine whether Daniel meets the **age test** to qualify as a dependent under the **Qualifying Child** rules.

?

Question:

A 25-year-old full-time student earning \$5,000 can be a **Qualifying Child**.

- A. True
- B. False

Practice Scenario

Scenario:

Jason is preparing a return for a client who wants to claim her **25-year-old son**, Daniel, as a **qualifying child**. Daniel is a **full-time student** and earned **\$5,000** working part-time.

Jason needs to determine whether Daniel meets the **age test** to qualify as a dependent under the **Qualifying Child** rules.

Question:

A 25-year-old full-time student earning \$5,000 can be a **Qualifying Child**.

- A. True
- B. False

 **Correct Answer: B. False**

A Qualifying Child must be under age 19, or under age 24 if a full-time student. Daniel is over the age limit.

Practice Scenario

Scenario:

Maya is preparing returns for several clients and wants to be sure she correctly applies the rules for **Qualifying Relatives**. She's reviewing these four cases to determine **which dependent qualifies** under IRS rules.

?

Question:

Which of the following is a valid Qualifying Relative?

- A. A **cousin** who earned **\$6,500** and lived with the taxpayer **3 months**
- B. An **uncle** with **\$4,000 in income** who was **supported by the taxpayer**
- C. A **friend** who earned **\$3,000** and lived with the taxpayer **5 months**
- D. A **sibling** who made **\$5,500** and **provided their own support**

Practice Scenario

Scenario:

Maya is preparing returns for several clients and wants to be sure she correctly applies the rules for **Qualifying Relatives**. She's reviewing these four cases to determine **which dependent qualifies** under IRS rules.

?

Question:

Which of the following is a valid Qualifying Relative?

- A. A cousin who earned **\$6,500** and lived with the taxpayer **3 months**
- B. An uncle with **\$4,000 in income** who was supported by the taxpayer**
- C. A friend who earned **\$3,000** and lived with the taxpayer **5 months**
- D. A sibling who made **\$5,500** and **provided their own support**

 **Correct Answer: B. Uncle with \$4,000 in income supported by taxpayer**

He meets the relationship test, is under the gross income limit (\$4,700 for 2025), and the taxpayer provided more than half his support.

Practice Scenario

Scenario:

Liam is trying to claim his elderly aunt as a dependent. He paid for her rent, food, medical care, and personal expenses throughout the year and wants to know if he covered **enough** to meet IRS requirements.

He's reviewing the IRS dependency tests to confirm **which one checks whether he provided enough financial support.**

? Question:

Which test determines if the taxpayer paid enough of the dependent's expenses?

- A. Residency test
- B. Relationship test
- C. Support test
- D. Age test

Practice Scenario

Scenario:

Liam is trying to claim his elderly aunt as a dependent. He paid for her rent, food, medical care, and personal expenses throughout the year and wants to know if he covered **enough** to meet IRS requirements.

He's reviewing the IRS dependency tests to confirm **which one checks whether he provided enough financial support**.

?

Question:

Which test determines if the taxpayer paid enough of the dependent's expenses?

- A. Residency test
- B. Relationship test
- C. Support test**
- D. Age test

 **Correct Answer: C. Support test**

*The support test verifies that the taxpayer provided **more than 50%** of the dependent's total support.*

End of Dependency

Take a few moments with your table and discuss any questions you may have regarding this topic.