



Family Connections, inc.
WHERE FAMILIES ARE BORN

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Notification to Prospective Adoptive Families of the Federal Adoption Tax Credit

Adoptive families may be eligible for a federal tax credit for qualifying expenses (including, but not limited to, adoption fees, court costs, attorney fees, traveling expenses) paid to adopt an eligible child in foster care. The adoption tax credit is not available for any reimbursed expense payment, such as non-recurring adoption expense payments. Non-recurring adoption expense payments are reimbursements adoptive families may receive for one-time-only expenses related to the adoption of a child with special needs (including, but not limited to, necessary adoption fees, attorney fees, court costs, and some travel expenses to facilitate an adoptive placement). Families adopting a child with special needs from foster care may be eligible for the full tax credit without needing to document expenses; however, such families must document that the state has determined that the child has special needs. Special needs can be documented through a copy of the child's signed Adoption Subsidy Agreement.

In addition to the credit, certain amounts reimbursed by your employer for qualifying adoption expenses may be excludable from your gross income. The credit and exclusion for qualifying adoption expenses are each subject to a dollar limit and an income limit. Families that fall in a defined range of income may receive an adjusted amount based on their income or may be ineligible if their income exceeds a certain level.

Each year the income limits and tax credit amounts change. The information contained in this notice shall not be deemed to be tax advice. Under IRS standards, we must inform you that only formal, written tax opinions meeting IRS requirements may be relied upon. It is important that you consult a tax professional or the Internal Revenue Service at www.irs.gov , to obtain the current tax year information and determine if you are eligible.