



# Grandparents and Kin Caregivers: Tax Credits You May Qualify For

If you are a grandparent or other kin raising a grandchild or other relative, you may qualify for federal and state tax deductions or credits. These [available tax benefits may reduce the amount you have to pay in taxes and help you maximize financial resources](#) to support your caregiving responsibilities. This fact sheet provides an overview of the types of tax benefits and situations that may apply to grandparents and other kinship families. It is tailored to kinship families in which children are not in foster care. However, some of the information may also apply to grandparents and kin who are fostering the child or children.

## Tax Credits or Deductions That May Apply to Grandfamilies and Kinship Families

- **Head of Household Filing Status:** If you have a dependent child living with you more than half of the year and you pay more than half the cost of keeping up a home during that year, you may be able to file as a head of household. A legal relationship between the child and you is not required to qualify for this status. A head of household generally pays a lower rate of taxes than single people or married people filing separately. This can save you money and help you support the child.
  - » [More about who can claim head of household filing status \(IRS.gov\)](#)
- **Dependency Exemption:** As a grandparent or kin caregiver, you can claim a child as [a dependent](#) on your taxes if the child is in your care for 6 months and 1 day during that tax year. Having a dependent may lower your overall tax bill or increase your refund. To qualify as a dependent, the child must be a foster child, grandchild, or other relative in addition to satisfying the time-in-care requirement. However, a cousin in your care cannot qualify as a dependent unless they are a foster child.
  - » [More about rules for dependents and qualifying children \(IRS.gov\)](#)

- **Child Tax Credit:** If you are a grandparent or other kin raising a child, you can usually claim the Child Tax Credit, which can reduce the amount of taxes you pay. The current rate is \$3,000 per child ages 6 to 17 or \$3,600 for children under six. Children do not qualify once they turn 18. To qualify for the child tax credit, the child must also qualify as a dependent (see above).

» [More about the Child Tax Credit \(IRS.gov\)](#)

- **Earned Income Tax Credit (EITC):** You may qualify for the EITC if you are a grandparent or other kin raising a child and have certain types of income. (Income from social security and pensions does not qualify.) Qualifying for the EITC may decrease your taxes or, if you don't earn enough to owe taxes, result in a payment to you. To qualify for the EITC, your income must fall below a certain limit, and the child in your care must meet age, relationship, residency, and sometimes other requirements.

» [Full qualifying child rules \(IRS.gov\)](#)

- **Child and Dependent Care Credit:** If you are a working grandparent or other kin caregiver and actively looking for work, you may qualify for a tax credit for day care or camp expenses for a dependent child under 13. This can reduce your total taxes.

» [More about the Child and Dependent Care Credit \(IRS.gov\)](#)

### Who gets to claim tax benefits?

Even if a child meets the requirements to be a qualifying child for more than one person, only one taxpayer can claim that child as a dependent on their tax form.

The IRS issues guidance to help families determine who qualifies as a head of household and as a dependent and who qualifies to take the child tax credit in situations where parents and grandparents or kin are all involved in the care of the child or children.

Grandparents and kin who qualify for child tax credits should keep clear records of where the child lives and who pays for their support. It is a good idea to file taxes early to receive any refund as soon as possible. (See tips on next page.)

### IRS Resources:

» [Frequently Asked Questions about Filing Status](#)

» [Tiebreaker rules](#)

- **Adoption Tax Credit and/or Deductions for Legal Guardianship Costs:** Grandparents and other kin who adopt a child may qualify for a tax credit for qualifying expenses, such as legal fees, travel expenses, and some other costs related to adoption in that tax year.

» [Full explanation of the adoption tax credit \(IRS.gov\)](#)

No deductions are available for legal fees related to guardianship. However, legal guardians who meet the credit's eligibility requirements may be able to claim the EITC, Child Tax Credit, and Child and Dependent Care Credit just as any kin caregiver without a legal relationship to the child.

## **Tips: Tax Planning Strategies and Recordkeeping**

Here are some tips to prepare for filing your taxes and help get the deductions you qualify for.

- Adjust your tax withholding and/or estimated tax payments to account for additional income or tax liabilities resulting from caring for a child.
- Keep records that will help you document your relationship with and care of the child, including birth records, notes from conversations with school or social services about the child, documentation of who has permission to pick up the child from school, and papers from court filings.
- If your state has an income tax, check for tax deductions and credits related to expenses of caring for a child, including adoption and dependent care.
- Tax filing season starts in mid- to late-January for the prior year. Tax forms are due by April 15, unless you file for an extension. It's best to file your taxes as early as you can. If necessary, you can file an amended form later.
- Seek guidance from a qualified tax professional or advisor who has worked with grandparents and kin caregivers. Some sources of free and low-cost tax advice may include:
  - » The IRS has two programs that offer free tax preparation for people who qualify: [Volunteer Income Tax Assistance \(VITA\)](#) and [Tax Counseling for the Elderly \(TCE\)](#).
  - » Some state, county, and city governments or local organizations offer reduced-cost and free tax clinics. Dial 2-1-1 or go to the website [211.org](#) to find out what is available in your area. (For more information, please see our other fact sheets for Grandparent and Kin Caregivers: How to Access Services and Tips for Working with Professionals)

- » The [AmeriCorps Seniors RSVP program provides IRS-certified volunteers](#) who can help grandparents and other kin caregivers with tax forms, including applying for the Earned Income Tax Credit.
- » [AARP Foundation's Tax-Aide](#) provides IRS-certified volunteers to prepare tax forms for low- and moderate-income adults over age 50.