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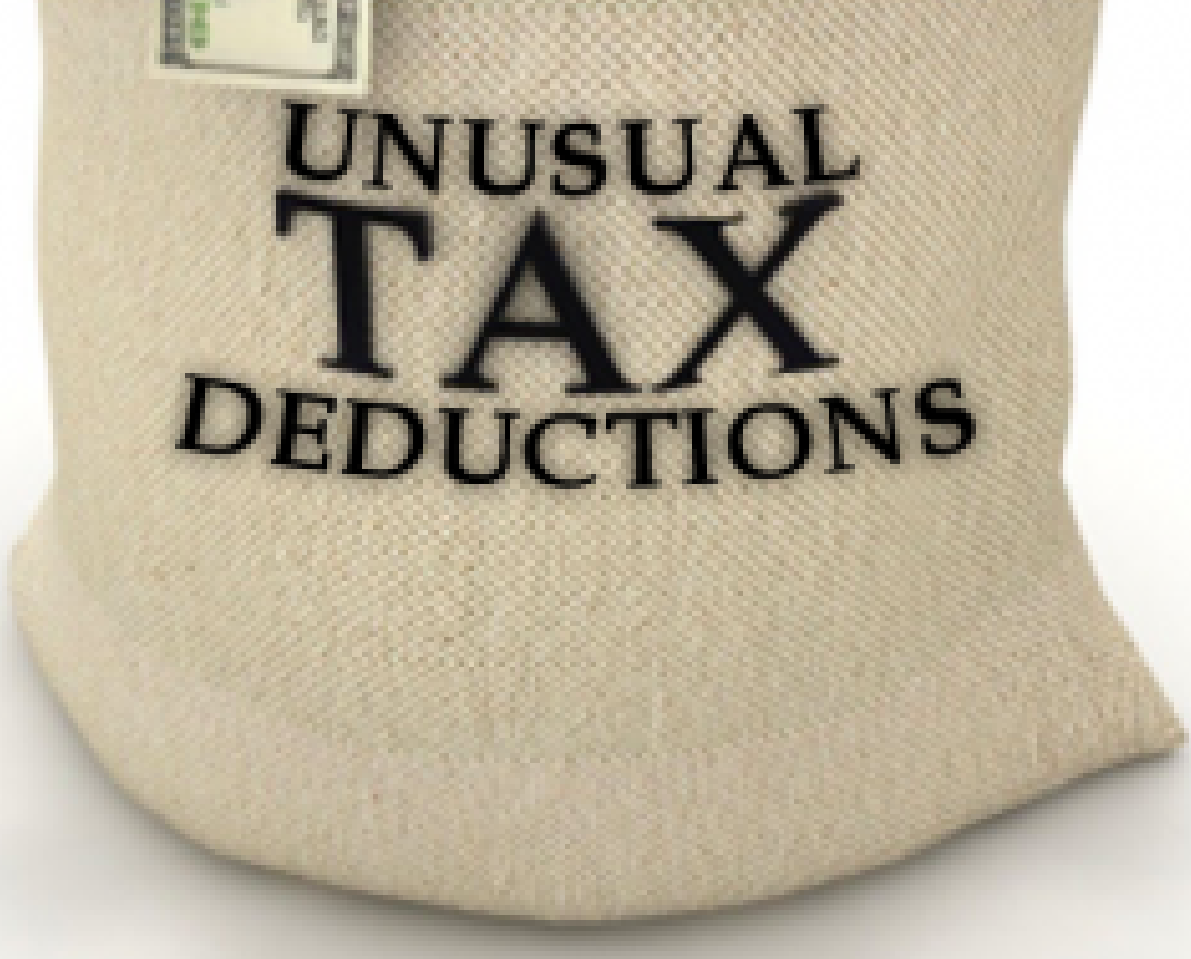
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Jan. 26, 2017

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UNUSUAL TAX DEDUCTIONS

With so many millennials moving back home with mom and dad, the question of whether or not adult children living with their parents can be claimed as dependents is a hot topic. On the other side of the generational divide, and affecting at least as many people, is the question of whether or not parents can be claimed as dependents on their children's returns.

“If you are assuming the day-to-day care and financial support of a parent and that parent qualifies as a dependent, you may be eligible to claim additional tax benefits,” said John Dundon, EA, an enrolled agent tax expert in Englewood, CO. “In fact, your parents can live in their own home or in a retirement community and still be legally claimed as dependents – so long as they meet IRS's requirements for a dependent.”

Dundon lists the following criteria that must be met before parents can be claimed as

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under 65 and filing Single, they must file a return if their income is at least \$10,350; filing Single and over 65, at least \$11,900; Married Filing Jointly and under 65, at least \$20,700; Married Filing Jointly and over 65, at least \$21,950.

- He or she can't file a joint return with a spouse for any purpose other than to receive a tax refund.

Note that if you wish to claim both parents, they must both meet the criteria listed above.

If you paid for your parent's medical care, you may be able to deduct those expenses as itemized deductions. Even if your parent doesn't meet the income requirement for dependents, medical expenses may still be claimed if you provide 50 percent of their support.

In addition to deductions, there is a non-refundable tax credit available to taxpayers who pay for the care of a qualifying individual and meet certain other requirements: the Child and Dependent Care Credit. Qualifying parents must be physically or mentally unable to care for themselves.

As can be expected, in order to qualify for the credit, certain requirements must be met. Earned income and work-related expenses are necessary to qualify, meaning the care must have been provided while you were either working or looking for work. You'll need to give the IRS the care provider's Social Security number and other identifying information. If you are married but file a separate return from your spouse, you may not claim this credit.

If all this sounds complicated, you may want to turn to a licensed tax professional. To locate an enrolled agent in your area, visit the "Find a Tax Expert" Directory at www.eatax.org.

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