

2022 TAX TRAINING DEPENDENTS

INTAKE SHEET – Dependent Information

During your interview remind the taxpayer they are to list on the Intake Sheet EVERYONE who lived in the household (except a spouse) or that the taxpayer supported in 2022. Some of the people listed may turn out not to be relevant for tax purposes and therefore won't be entered into TaxSlayer. This information plus information learned from your Intake Interview allows you to complete the Dependent section of TaxSlayer.

As part of the Intake Interview process, you need to complete the bolded portion of the Dependent section of the Intake Sheet. The answers to these questions will assist you in determining who is a Dependent of the taxpayer and what filing status the taxpayer can use.

DEPENDENTS

The IRS has 3 categories that a dependent can fall into (and a person can be in more than one)

Qualifying Child (QC)

Qualifying Relative (QR)

Dependent: Either a QC or QR that satisfies other requirements

These definitions help determine the taxpayer's qualification for a number of tax benefits including Head of Household filing status, Child Tax Credit, Other Dependent Credit, Earned Income Credit, and Child and Dependent Care Credit. The good news is that TaxSlayer does most of the work for you – as long as you complete the Dependent section of TaxSlayer **correctly** it will determine the applicable tax benefits. See Pub. 4012, Tab C, for a detailed discussion of these tests.

IRS QUALIFYING PERSON DEFINITIONS

Qualifying Child (QC)	Qualifying Relative (QR)	Dependent
<p>Generally, any person who meets <u>ALL</u> of the following</p> <ul style="list-style-type: none"> Is a relative of the taxpayer as defined as <ul style="list-style-type: none"> Child or child's descendants Sibling or sibling's descendants <u>And</u> is under age 19, or a full-time student under age 24, or disabled <u>And</u> lived with the taxpayer more than <u>half the year</u> <u>And</u> did not provide more than half of his/her own support <u>And</u> did not file a joint return other than to obtain a refund of withheld taxes 	<p>Generally, any person who meets <u>ALL</u> of the following</p> <ul style="list-style-type: none"> Not a QC <u>Is either</u> a relative of the taxpayer as defined as <ul style="list-style-type: none"> Child or child's descendants Sibling or sibling's descendants Parents or parent's ancestors or siblings <u>Or</u> lived with the taxpayer <u>all year</u> <u>And</u> received more than half of their support from the taxpayer <u>And</u> did not earn more than \$4,400 <p>Note: Unlike grandchildren, nieces, or nephews, cousins <u>cannot be a QR</u></p>	<p>Generally, a <u>QC</u> or <u>QR</u> who meets <u>ALL</u> of the following</p> <ul style="list-style-type: none"> Is a U.S. citizen, or a U.S. resident alien, or a U.S. national, or a resident of Canada or Mexico <u>And</u> did not file a joint return other than to obtain a refund of withheld taxes <u>And</u> the <u>taxpayer</u> must not be able to be claimed as a Dependent by anyone else <p>Note: A taxpayer who is claimed as a Dependent cannot claim another person as a Dependent</p>

COMPLETING THE DEPENDENT SECTION OF TAXSLAYER

There are 5 questions for you to answer for each person listed:

1. ***Is this person a qualifying child/relative of any other person?*** If the answer to this question is YES and the person is a QC, you need to use the Tiebreaker rules to determine whether the person may be claimed by the taxpayer. If the person is a QR, I think it's an irrelevant question as only one person can provide more than half of a person's support (a QR requirement). The only possible exception is a Multiple Support Agreement.
2. ***Did this person provide more than 50% of his/her own support?*** If the person provided more than half of his/her own support, that person cannot be a QC or QR of the taxpayer and therefore generally would not be entered into TaxSlayer in the Dependent section. However, you will still need to enter this person in TaxSlayer if the person satisfies the EIC Qualifying Child tests (which don't look at Support). Remember in this case to check the box that this person is "NOT YOUR DEPENDENT" so that TaxSlayer does not give the taxpayer the Child Tax Credit or Other Dependent Credit.
3. ***Did this person have less than \$4,400 of income?*** The answer to this question is relevant for purposes of the QR test. If the answer to this is NO, the person cannot be a QR and thus cannot be a dependent unless the person satisfies the QC tests. The answer to this question is irrelevant for determining whether a person satisfies the QC tests.
4. ***Did the taxpayer(s) provide more than 50% of support for this person?*** This question is relevant for determining the status of the person as a QR as well as certain filing statuses (Head of Household and Qualifying Surviving Spouse) and certain tax benefits (including Other Dependent Credit and Child and Dependent Care Credit). It is not relevant to the person's status as a QC of the taxpayer or for purposes of the EIC, which has no Support Test. If the answer to the question is YES, the person satisfies the Support Test for purposes of being a QR. If the answer is NO, the person cannot be a QR of the taxpayer.
5. ***Did the taxpayer(s) pay more than half the costs of maintaining a home for this person?*** This question is relevant solely for Head of Household and Qualifying Surviving Spouse filing status. If the answer is NO, the taxpayer cannot file as HoH or QSS and must file under another filing status. If the answer is YES and the person satisfies the other requirements to be HoH or QSS, including having a Qualifying Child who lived in the taxpayer's home for more than half of the year (or all year for QSS), the taxpayer can file as HoH or QSS (see the Filing Status Handout for further explanation of the requirements to file Head of Household or Qualifying Surviving Spouse).

Once you have answered these questions, you must determine which of the persons listed should be included in the Dependent section of TaxSlayer. Here are examples of people listed who should be excluded from the Dependent section of TaxSlayer:

1. A person who is neither a relative of the taxpayer (as previously defined for the QC and QR tests) nor lived with the taxpayer all year.

2. A person who is not a relative and with respect to whom the taxpayer did not provide more than half of his/her support (such as a roommate).
3. A person who is married and filing a joint return for a reason other than just to obtain a refund of withheld taxes. (Note there are two rare exceptions for Qualifying Surviving Spouse filing status and Dependent Care Credit for a disabled person).

TIEBREAKER RULES

The Tiebreaker Rules apply to address situations where a person is a QC of more than one taxpayer. Only one taxpayer can claim tax benefits with respect to that person and you must use the Tiebreaker rules to decide. See Pub. 4012, p. C-2 for a more complete explanation of these rules. The tax benefits that are controlled by the Tiebreaker Rules are: Other Dependent Credit; Child Tax Credit; Head of Household; Earned Income Credit; Credit for Child and Dependent Care expenses; and the exclusion from income for Child and Dependent Care benefits. The Tiebreaker rule we typically run into is the one that applies to multigenerational households, which allows the grandparent to claim the grandchild so long as the parent doesn't claim him/her, and the grandparent's AGI is higher than the parent's AGI.

DIVORCED OR SEPARATED PARENTS

There are special rules that apply in the case of parents who are divorced or separated. These rules determine which parent gets to treat the child as a Dependent. These rules are driven by whether the parent is the "Custodial" parent or the "Noncustodial" parent. The parent with whom the child lived for the greater number of nights during the year is the Custodial parent, while the other parent is the Noncustodial parent.

The general rule is that the Custodial parent is entitled to all the tax benefits for the child. However, if the requirements discussed below are satisfied, the Noncustodial parent can claim the Child Tax Credit or Other Dependent Credit, and any education credit. Even if these requirements are satisfied, all other tax benefits can only go to the Custodial parent, including Head of Household, Earned Income Credit, and the Child and Dependent Care Credit.

The following requirements must be satisfied for the Noncustodial parent to claim the Child Tax Credit or Other Dependent Credit and any education credit:

1. The child received more than half of his/her support from parents who are divorced, legally separated under a court decree, legally separated under a written agreement, or lived apart at all times during the last 6 months of 2022; and
2. The child was in the custody of one or both parents for more than half the year.

If these conditions are satisfied, the noncustodial parent may claim the credits listed above if certain documentation is provided to the IRS. See Pub. 4012, p. C-6 for a discussion of these requirements. When the Noncustodial parent is claiming the child under these rules, both the Custodial parent and the Noncustodial parent will enter the child in the Dependent section of TaxSlayer, but the questions (as shown below) must

be answered correctly for TaxSlayer to properly determine the tax benefits appropriate to each parent.

TAXSLAYER DEPENDENT SECTION

Relationship – Enter the relationship shown for that person on the Intake Sheet. Use “None” for a person who is not a relative but with respect to whom the taxpayer can claim a tax benefit, such as the Other Dependent Credit for a person who lived with the taxpayer all year and received more than half of his/her support from the taxpayer.

Number of months this person lived in your home during 2022 – Generally, you will enter the number of months shown on the Intake Sheet for that taxpayer. Use “Divorce/Separation” when it is the return of a Noncustodial Parent who is claiming the Child Tax Credit or Other Dependent Credit under an agreement with the Custodial Spouse. Use “Other reasons” if the person lived with the taxpayer for less than 6 months but still qualifies for a tax benefit, such as the Other Dependent Credit claimed with respect to a parent, which does not require the parent to live with the taxpayer.

Questions

- ***This person was over age 18 and a full-time student at an eligible educational institution*** - Determine the person’s age from the Intake Sheet. The Intake Sheet also asks if the person is a Full-Time Student. The definition of “Full-Time Student” is a person who is treated by the educational institution as a full-time student for some part of at least 5 calendar months during the year. So, for example, a college student who graduates in May satisfies this requirement.
- ***Check if this person was disabled*** - The Intake Sheet asks if the person is “Totally and Permanently Disabled.” An individual is permanently and totally disabled if he/she is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than 12 months.
- ***Check if this qualifying child is NOT YOUR DEPENDENT*** - If you complete the Dependent section for an individual, the taxpayer will receive a Child Tax Credit or Other Dependent Credit with respect to this person **unless** this box is checked. Two situations where you want to check this box: (1) a person fails the Qualified Child test because the person provides more than half of his/her own support, but still qualifies as a Qualifying Child for EIC purposes because it does not have a support test; or (2) a Custodial parent has agreed to allow a Noncustodial parent to claim the dependent for CTC/ODC purposes but is entitled to the other tax benefits relating to the child, such as Head of Household and EIC. In this case, the Custodial parent would check this box, but the Noncustodial parent would not since he/she is claiming the CTC or ODC.
- ***Check if you wish NOT to claim this dependent for Earned Income Credit purposes*** - Checking this box prevents TaxSlayer from giving the taxpayer the EIC with respect to this person, but the person must be included in the Dependent section as qualifying for other tax benefits. This would be checked

for a dependent who qualifies for the CTC or ODC but doesn't qualify for the EIC, such as a Dependent where the person's place of abode is outside the U.S. or a dependent without an SSN that allows him/her to work.

- **Check if this dependent is married** - If you check this box, a second question appears – “Check if this dependent is filing their own tax return with the sole purpose of receiving a refund because of no tax liability.” The reason for these questions is that a person cannot be a QC or a Dependent of the taxpayer if the person files a **joint** return for any reason other than to obtain a refund of withheld taxes where no tax is due. If you check the “dependent is married” box but do not check the second box relating to filing solely to obtain a refund, TaxSlayer will give you a warning that the person cannot be claimed as your dependent. If the person is filing a joint return and is filing for any reason other than to receive back withheld taxes, the person should not be entered in the Dependents section of TaxSlayer.
- **This dependent made over \$4,400 of income** - If you check this box, TaxSlayer will give you a warning that if the person doesn't satisfy the QC requirements (for example, the person is too old to be a QC), this person is not eligible to be claimed on the return based on the answers given. If the person made more than \$4,400 and does not satisfy the requirements to be a QC, that person cannot be a QR or Dependent of the taxpayer. Bottom line – If the person made more than \$4,400, that person should not be entered in the Dependents section of TaxSlayer unless: (1) the person qualifies as a QC of the taxpayer; or (2) the person qualifies as a Qualifying Child for purposes of the Earned Income Credit (which generally requires the person to be a QC except that it ignores the Support Test).
- **This dependent qualifies for a Multiple Support Declaration** - This is a very unusual situation where no single person provides more than half of a dependent's support, but one person who provides more than 10% of the dependent's support has an agreement with the other support providers to claim the dependent.

Qualifying Person Tax Benefit Matrix

2022 Tax Year

Requirements	QC		Dependent		HoH				QSS		CTC	ODC		EIC	Dep. Care			
	QC	QR	A	B	A	B	C	D	A	B		A	B		A	B	C	D
QC Relationship Test met	X		X		X	X					X	X			X	X		
QC Age Test met (under 19, under 24 & FT student, disabled)	X		X		X	X			X			X				X		
Lived with Taxpayer > ½ year	X		X		X	X		X			X	X			X	X	X	X
Person provided < ½ of own support	X		X		X	X			X		X	X			X	X		
Person didn't file joint return (except for refund where no tax liability)	X		X	X	X	X	X	X			X	X	X		X			
Not a QC of more than one taxpayer unless tie breaker rules apply	X		X		X	X			X		X	X			X	X		
Person doesn't satisfy QC test		X		X				X		X		X						
QR Relationship Test met or lived with Taxpayer all year		X		X								X					X	
QR Relationship Test met but not Taxpayer's Mother or Father								X										X
Taxpayer provided more than half of person's support		X		X			X	X		X		X						X
Person had gross income of < \$4,400		X		X			X	X				X						
Taxpayer (or spouse if MFJ) is not a dependent of another taxpayer			X	X			X	X			X	X	X			X		
U.S. citizen, national or resident or resident of Canada or Mexico			X	X		X	X	X	X	X					X	X	X	
U.S. citizen, national or resident											X	X	X	X				
Taxpayer is not a QC of another taxpayer														X				
Person is Single					X													
Person is Married						X												
Person is Mother/Father of Taxpayer							X											
Person is a child or stepchild of Taxpayer									X	X								
Person is under 17											X							
Child is under 13																	X	
Valid SSN that entitles person to work											X			X				
Person has a SSN, ITIN or ATIN												X	X		X	X	X	X
Doesn't qualify for CTC												X	X					
Lived with the Taxpayer all year									X	X								
Lived with Taxpayer more than ½ year in the U.S.														X				
Person is incapable of self-care																X	X	X
Person is Taxpayer's spouse																		X

NOTE: The columns under each benefit are alternative classes of qualifying persons for the specific tax benefit. For example, under ODC, a person who meets all of the requirements under either Column A or Column B would qualify as a Qualifying Person for the Other Dependent Credit, but if the person can't satisfy all the requirements in one of the columns the person is not a Qualifying Person for that tax benefit. This matrix only analyzes whether a person is a Qualifying Person with respect to the benefit. Any other requirements (such as providing more than half the costs of keeping up a household for Head of Household filing status) must still be satisfied.

EXPLANATIONS

QC Relationship Test met	The person must be the taxpayer's child, stepchild, foster child, sibling, half sibling, step sibling, or a descendant of any of them.
QC Age Test met	Under 19, under 24 & Full-Time student, or permanently & totally disabled.
Lived with Taxpayer > ½ year	Same place of abode for more than half the year other than temporary absences.
Not a QC of more than one taxpayer unless tie breaker rules apply	Use tie breaker rules in Pub 4012, p. C-2.
Person doesn't satisfy QC test	Person doesn't satisfy at least one of the 6 requirements under QC in the matrix.
QR Relationship Test met or lived with Taxpayer all year	Relationship Test - same as QC above plus parents, grandparents, aunts, uncles and certain in-laws.
Person had gross income of < \$4,400	Gross income is all income that is not exempt from tax (includes taxable SS benefits) unreduced by business losses or capital losses.
Taxpayer (or spouse if MFJ) is not a dependent of another taxpayer	TP (and spouse) don't satisfy either of the columns under Dependent in the matrix with respect to any other taxpayer.
Taxpayer is not a QC of another taxpayer	TP (and spouse) don't satisfy at least one of the 6 requirements under QC in the matrix.
Person is Married	Not divorced and not under a legal separation agreement approved by a court.
Valid SSN that entitles person to work	A card that says "Valid for Work Only With DHS Authorization" is acceptable, while a card that says "Not Valid for Employment" does not satisfy this requirement.
Person has a SSN, ITIN or ATIN	ITIN - Individual Taxpayer Identification Number: ATIN - Adoption Taxpayer Identification Number. Both start with the number 9.
Doesn't qualify for CTC	Person doesn't satisfy at least one of the requirements in the CTC Column in the matrix.
Lived with the Taxpayer all year	Except for temporary absences.
Lived with Taxpayer more than ½ year in the U.S.	Abode must be in the US, except active duty military personnel are deemed to be in the U.S.