

TAX NEWS LETTER

SHARPTON, BRUNSON & COMPANY, P.A.

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Who Can You Claim As A Dependent On Your Tax Return?

Children as well as qualifying relatives can be claimed on your tax return. However, there are "Tests" a person must meet in order to qualify as a dependent on your tax return. You are allowed one exemption for each person you can claim as a dependent. For year 2008, you can deduct \$3,400, unless the amount is changed by the IRS from year 2007, for each exemption.

The "Tests" a person must meet in order to qualify as a dependent on your tax return are:

Tests to be a Qualifying Child

1. The child must be your son, daughter, stepchild, foster child, adopted child, brother, sister, half brother, half sister, stepbrother, stepsister, or a descendant of any one of them which would be your grandchild.
2. The child must be (a) under age 19 at the end of the year, (b) under age 24 at the end of the year and a full-time student, or

(c) any age if permanently and totally disabled.

3. The child must have lived with you for more than half of the year.
4. The child must have not provided more than half of his or her own support for the year.

If the child meets the rules to be a qualifying child of more than one person, you must be the person entitled to claim the child as a qualifying child. It is suggested that you obtain a release from the other person or have a written declaration to resolve the conflict.

Tests to be a Qualifying Relative

1. The person cannot be your qualifying child or the qualifying child of any other taxpayer.
2. A person who is a relative does not have to live with you in order to be your dependent if all of the other tests are met such as a relative who is your parent or your sibling. A person who lives with you as a member of your household and the relationship does not violate local law is also a qualifying relative.

3. The person's gross income for the year must be less than \$3,400.

You must provide more than half of the person's total support for the year.

At Sharpton, Brunson & Company, we strive to keep you current on the new changes in tax laws and tax benefits available to individuals as well as businesses.

Our goal is to help clients obtain maximum tax savings in accordance with what is allowable under tax rules. Please feel free to call R. Wesley Agee, CPA, Senior Tax Advisor, for any questions or assistance. He can be reached at 954.467.5490.

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