



## ***Adoption Tax Credit Advice for Married and Unmarried Couples***

Many potential adoptive parents find that adopting a child puts a big strain on family finances. While same-sex couples are excluded from many tax benefits, there is one instance that they qualify for tax breaks while opposite-sex married couples don't – if they adopt a partner's child.

The Federal Adoption Tax Credit became permanent in 2013 and it has survived the 2017 tax cuts, allowing for a maximum adoption tax credit of \$13,840 for 2018. The tax credit is non-refundable, meaning that only those who owe taxes are allowed to claim it. It is based on modified adjusted gross income, and is recalculated each year.

### ***Who Qualifies?***

Both same sex and opposite sex couples who are married can claim the federal tax credit when they adopt a child together, but they don't qualify when one spouse adopts the child of his or her spouse. However, same-sex couples in Indiana who are not married can qualify for the Adoption Tax Credit for the expenses of their second parent adoption of their partner's child.

A second-parent adoption allows an unmarried same-sex partner to adopt his or her partner's biological or adopted child without terminating the first parent's legal status, and the Federal Adoption Tax Credit grants qualifying taxpayers up to \$13,840 per child for certain expenses, which include legal fees, court costs, and the charges associated with a home study.

### ***What Expenses Qualify?***

Qualifying adoption expenses include reasonable and customary adoption fees accrued in a domestic, international, or foster care adoption. Surrogacy or stepparent adoptions (i.e., adoption of a legal spouse's child) do not qualify for the credit. If you live in a state that offers an adoption tax credit, you may receive credit for additional expenses as well; however, Indiana is one of seven states that offer no state income tax relief for adoption. If you have questions regarding adoption tax credits and whether or not you qualify, Indiana Adoption Tax Credit Attorney Barbara J. Baird can offer guidance.

Considering adopting a baby or young child and need tax advice? Contact the law office of Barbara J. Baird, an Indianapolis attorney who specializes in helping the gay and lesbian communities of central Indiana with their adoption and family law issues. Call 317-426-9334 for a case evaluation at her Indianapolis office.