

Important Tax Reminders

- Schedule an appointment with me to discuss year-end tax planning strategies.
- If you moved this year, let me know so I can help you complete Form 8822, *Change of Address*, and report the change to the IRS.

Tax on a Child's Investments



Does your child have investments, such as interest, dividends, capital gains or other unearned income? If these types of investments are in your child's name, you should be aware of certain factors that might lead to the investments being taxed at your rate rather than at your child's rate.

The tax rules state that the child's tax must be figured using the parents' rate if the child has investment income of more than \$2,100 and meets one of three age requirements:

1. Was under age 18 at the end of the year;
2. Was age 18 at the end of the year and did not have earned income that was more than half of his or her support; or
3. Was a full-time student over age 18 and under age 24 at the end of the year and did not have earned income that was more than half of his or her support.

If certain conditions are met, you may be able to avoid having to file a tax return for your child by including the child's income on your tax return. I can help you with these filing requirements.

Did You Know?

Starting in 1987, the IRS required that taxpayers report the social security number of all dependents over the age of 5. (Now there is no age limit; the rule requires all dependents to have a SSN). That year, 7 million American children disappeared from the nation's tax returns, representing a 9 percent drop in the 77 million dependents claimed the previous year and \$2.9 billion more in yearly tax revenue. The tax agency said about 20 percent of the vanished dependents were children who had been claimed as dependents by both parents after a divorce. Under the law, only one parent may claim the child as a deduction.

Quote Corner

"The greatest gifts you can give your children are the roots of responsibility and the wings of independence."

~Denis Waitley