



Will You Claim Dependents on Your 2022 Tax Return?

It seems like a simple question, but the IRS' definition of "dependent" is broader than you might think.

The IRS Form 1040 starts with the easy questions. What's your filing status? What's your name and address and social security number? Your spouse's? Did you receive, sell, exchange, or otherwise dispose of any financial interest in any virtual currency (Yes or No)?

But then it moves into the dependent questions. Were you and/or your spouse considered dependents? And who are you claiming as dependents?

The latter isn't always as easy question to answer. You may be surprised to learn that you can claim some individuals as dependents that you'd never considered.

Who *Can't* You Claim?

This is an easier question to answer. You can't claim anyone as a dependent if you or your spouse (filing jointly) can be considered a dependent of another taxpayer. If the individual you're trying to claim is not a U.S. citizen, a U.S. resident alien, U.S. national, or a resident of Mexico or Canada, he or she cannot be considered a dependent. And you can't claim a married individual who is filing a joint return unless the return is only being filed to request a refund of estimated taxes paid or income that was withheld.

Note: There are always exceptions to IRS rules. Please contact us if you think you might qualify for one.

Who *Can* You Claim?

The IRS allows you to claim one or more **qualifying children** or **qualifying relatives**.

Standard Deduction Someone can claim: You as a dependent Your spouse as a dependent
 Spouse itemizes on a separate return or you were a dual-status alien

Age/Blindness You: Were born before January 2, 1957 Are blind Spouse: Was born before January 2, 1957 Is blind

Dependents (see instructions): If more than four dependents, see instructions and check here ► <input type="checkbox"/>	(1) First name	Last name	(2) Social security number	(3) Relationship to you	(4) <input checked="" type="checkbox"/> if qualifies for (see instructions): Child tax credit	Credit for other dependents
						<input type="checkbox"/>
					<input type="checkbox"/>	<input type="checkbox"/>
					<input type="checkbox"/>	<input type="checkbox"/>
					<input type="checkbox"/>	<input type="checkbox"/>

1 Wages, salaries, tips, etc. Attach Form(s) W-2 1

One of the first issues you'll deal with on the IRS Form 1040 is this: Who can you claim as a dependent?

What Is a Qualifying Child?

If you have an 8-year-old daughter who's always lived with you and your spouse and doesn't have income, it's easy. She's a qualifying child. But the definition is much broader than that. A qualifying child could be a:

- Son, daughter, stepchild, foster child, brother, sister, stepbrother, stepsister, half-brother, or half-sister.
- Descendant of any of these, like your grandchild, niece, or nephew.

The child must also be:

- Younger than you or your spouse and younger than age 19 at the end of the tax year, OR
- A student and younger than 24, and younger than you or your spouse, OR
- Permanently disabled, at any age.

There are additional requirements for being qualifying children. They:

- Can't have provided over half of their own support for the tax year, AND
- Aren't filing a joint return (unless they're only filing to claim estimated taxes paid or income that was withheld), AND WHO
- Lived with you for more than half of the tax year (the IRS has exceptions to this rule).

Warning: A qualifying child cannot be claimed as such by more than one parent (and current spouse, if filing jointly).

What Is A Qualifying Relative?

The requirements of claiming a qualifying relative as a dependent are even more complicated. For example, besides children, the individual could be a parent or grandparent, or even anyone besides your spouse who lived with you as a household member all year (as long as no local were violated). He or she couldn't have had gross income of more than \$4,300 (for the 2021 tax year; 2022 tax laws have not yet been finalized).

There are exceptions to these rules, too. If you're going to try to claim a qualifying relative as a dependent, we recommend you set up a tax session with us.

Your To-Do List for December

As we close in on the end of 2022 and prepare for the 2022 tax year, it's a good idea to start planning for all of the tax-related tasks you should be doing before we roll the calendars over to 2023. Here are some questions you should ask yourself.

Part II Expenses. Enter expenses for business use of your home only on line 30.			
8	Advertising	8	
9	Car and truck expenses (see instructions)	9	
10	Commissions and fees	10	
11	Contract labor (see instructions)	11	
12	Depletion	12	
13	Depreciation and section 179 expense deduction (not included in Part III) (see instructions)	13	
14	Employee benefit programs (other than on line 19)	14	
15	Insurance (other than health)	15	
16	Interest (see instructions):		
	Mortgage (paid to banks, etc.)	16a	
18	Office expense (see instructions)	18	
19	Pension and profit-sharing plans	19	
20	Rent or lease (see instructions):		
	a Vehicles, machinery, and equipment	20a	
	b Other business property	20b	
21	Repairs and maintenance	21	
22	Supplies (not included in Part III)	22	
23	Taxes and licenses	23	
24	Travel and meals:		
	a Travel	24a	
	b Deductible meals (see instructions)	24b	
25	Utilities	25	
26	Wages, salaries, and other compensation	26	

Before you

ring in the New Year, make sure your 2022 business expenses are organized and receipts are available.

- Do I know where to find documentation for all of my expenses this year?
- Are there other purchases I should make in December if my income was high this year, especially deductible large-ticket items?
- Is there income I should defer to 2023?
- Have I paid all estimated taxes due in 2022?
- Are my payroll taxes current?

Year's end is always a busy time, and we hope you're able to wrap everything up before January 1. If we can answer any questions related to dependents or to your income taxes in general, please let us know. We'll also be available after the first of the year to prepare your taxes once all of your forms have come in. And we're happy to talk about tax planning year round.

SOCIAL MEDIA POSTS

Tax prep season will be here before you know it. Are you tracking all of your business expenses conscientiously?

December's a busy month. Start planning now to wrap up tax-related transactions before the end of the year.

Do you know how the IRS defines dependents for tax purposes? The parameters are broader than you might think. Ask us.

You may have a **qualifying relative** that you can claim on your Form 1040 next year. We can help you determine this.