



# Instructions for Form 8839

## Qualified Adoption Expenses

### General Instructions

#### Purpose of Form

You may be able to take the adoption credit if you paid qualified adoption expenses in:

- 1998, or
  - 1999 and the adoption was final in or before 1999.
- You may also be able to take the credit if you have a credit carryforward from a prior year.

Use Form 8839 to figure the amount of your credit.

If you received any **employer-provided adoption benefits** for 1999, you **MUST** use Form 8839 to figure the amount, if any, of benefits you may exclude from your income on line 7 of Form 1040 or 1040A. You need to complete Part III of Form 8839 before you can figure the credit, if any, in Part II.



*Special rules apply if you paid expenses or received benefits in connection with the adoption of an eligible foreign child. See the instructions for line 1, column (e), for details.*

#### Definitions

##### Eligible Child

An eligible child is:

- Any child **under age 18**. If the child turned 18 during the year, the child is an eligible child for the part of the year he or she was under age 18.
- Any disabled person not able to care for himself or herself.



*If you and another person adopted or tried to adopt an eligible child, see the instructions for line 2 (or line 19 if applicable) before you enter an amount on that line.*

##### Employer-Provided Adoption Benefits

These are amounts your employer paid directly to either you or a third party for qualified adoption expenses. Your salary may have been reduced to pay for these benefits. Employer-provided adoption benefits should be shown in box 13 of your 1999 W-2 form(s) with code T.

##### Qualified Adoption Expenses

For purposes of the credit, these are the reasonable and necessary expenses directly related to, and for the principal purpose of, the legal adoption of an eligible child.

Qualified adoption expenses **include**:

- Adoption fees.
- Attorney fees.
- Court costs.
- Travel expenses (including meals and lodging) while away from home.

Qualified adoption expenses **do not include** expenses:

- For which you received funds under any state, local, or Federal program.
- That violate state or Federal law.
- For carrying out a surrogate parenting arrangement.
- For the adoption of your spouse's child.
- Paid or reimbursed by your employer or any other person or organization.
- Paid before 1997.
- Allowed as a credit or deduction under any other provision of Federal income tax law.

#### Who May Take the Adoption Credit or Exclude Employer-Provided Adoption Benefits?

You may take the credit or exclusion if **all three** of the following apply.

**1.** Your filing status is single, head of household, qualifying widow(er) with dependent child, or married filing jointly. However, if your filing status is married filing separately, see **Married Persons Filing Separate Returns** below.

**2.** Your modified AGI (adjusted gross income) is less than \$115,000. To figure your modified AGI, see the instructions for line 8 (for the credit) or line 26 (for the exclusion).

**3.** You report the required information about the eligible child on line 1.



*Special rules apply if the eligible child is a foreign child. See the instructions for line 1, column (e), for details.*

#### Married Persons Filing Separate Returns

You may take the credit or exclusion if you meet items **2** and **3** listed above and **all** of the following apply.

- You lived apart from your spouse during the last 6 months of 1999.
- The eligible child lived in your home more than half of 1999.
- You provided over half the cost of keeping up your home.

### Line Instructions

#### Line 1

Complete all columns that apply to the eligible child you adopted or tried to adopt. If you do not give correct or complete information, your credit (and any applicable exclusion) may be disallowed.

If you cannot give complete information because you tried to adopt an eligible child but were not successful or the adoption was not final by the end of 1999, complete

the entries you can on line 1. Enter "See Page 2" in the columns for which you do not have the information. Then, on the bottom of page 2, enter the name and address of any agency or agent (such as an attorney) that assisted in the attempted adoption.

### Child 1 or Child 2

If you tried to adopt **one** eligible child and you made more than one attempt to do so, combine the amounts you spent and enter the total on the "Child 1" line. **Do not** report the additional attempt(s) on the "Child 2" line. Complete the "Child 2" line **only** if you adopted or tried to adopt **two** eligible children. If you adopted or tried to adopt more than two eligible children, see **More Than Two Eligible Children** on page 3.



*If you filed a 1997 or 1998 Form 8839 in connection with this adoption, enter your 1999 information on the same line (Child 1 or Child 2) that you used for 1997 or 1998.*

### Column (a)

Enter the eligible child's name.

### Column (c)

Check this box if the child was born **before 1981** and was disabled. A child is **disabled** if the child is physically or mentally unable to care for himself or herself.

### Column (d)

Check this box if the child was also a child with special needs. A child is a **child with special needs** if **both** of the following apply.

1. The child was a citizen or resident of the United States or its possessions at the time the adoption process began.

2. A state (including the District of Columbia) has determined that the child cannot or should not be returned to his or her parents' home and probably will not be adopted unless assistance is provided to the adoptive parents. Factors used by states to make this determination include:

- The child's ethnic background and age,
- Whether the child is a member of a minority or sibling group, and
- Whether the child has a medical condition or a physical, mental, or emotional handicap.



*If you check this box, be sure to keep evidence of the state's determination in your records.*

### Column (e)

Check this box if the child was a foreign child. A child is a **foreign child** if he or she was **not** a citizen or resident of the United States or its possessions at the time the adoption process began.

**Special Rules.** If you paid **qualified adoption expenses** in 1997, 1998, or 1999 in connection with the adoption of a foreign child **and** the adoption was **final** in 1999, treat the total expenses paid in those years as having been paid in 1999 and include them on line 5 of Form 8839. If the adoption was **not final** by the end of 1999, you **cannot** use those expenses to figure your 1999 adoption credit. **Do not** include them on line 5 of Form 8839. If the adoption becomes final in 2000, you may be able to take a credit for those expenses on your 2000 return.

If you received **employer-provided adoption benefits** in 1999 in connection with the adoption of a foreign child and the adoption was not final by the end of 1999, you must include the benefits in the total entered on Form 1040 or 1040A, line 7. Also, enter "AB" (adoption benefits) next to line 7. If the adoption becomes final in 2000, you may be able to exclude the benefits from your 2000 income.

**Exclusion of prior year benefits.** If you received employer-provided adoption benefits in 1997 or 1998 in connection with the adoption of a foreign child **and** the adoption was final in 1999, you may be able to exclude part or all of those benefits from your 1999 income. To find out if you can, complete Part III of Form 8839 through line 30. However, on line 20, enter zero. On line 22, enter the total amount of employer-provided adoption benefits received in 1997, 1998, and 1999. On the dotted line next to line 22, enter "PYAB" and the amount of 1997 and 1998 benefits received. Then, use the worksheet below to figure the amount of any 1997 and 1998 benefits you may exclude and the amount, if any, to enter on line 31.

### Exclusion of Prior Year Benefits Worksheet (keep for your records)

1. Is the amount on your 1999 Form 8839, line 30, less than the amount on line 23?  
 **No.** Go to line 4.  
 **Yes.** Subtract line 30 from line 23 ..... 1. \_\_\_\_\_
  2. Enter the total **1997 and 1998** employer-provided adoption benefits included on line 22 for all children ..... 2. \_\_\_\_\_
  3. **Taxable benefits.** Subtract line 2 from line 1. Enter the result, but not less than zero, here and on Form 8839, line 31. Also, include this amount, if more than zero, on line 7 of Form 1040 or 1040A. On the line next to line 7, enter "AB" ..... 3. \_\_\_\_\_
  4. Enter the amount from Form 8839, line 30 . 4. \_\_\_\_\_
  5. Enter the total **1999** employer-provided adoption benefits included on line 22 for all children ..... 5. \_\_\_\_\_
- Note:** If line 5 is equal to or more than line 4, **stop**; you **cannot** exclude any of your 1997 or 1998 benefits.
6. **Prior year excluded benefits.** Subtract line 5 from line 4 ..... 6. \_\_\_\_\_

**Next.** Figure the total you would enter on line 7 of Form 1040 or 1040A **before** you exclude the amount from line 6 above. Then, subtract the amount from line 6 above from that total. Enter the result on line 7 of Form 1040 or 1040A. On the line next to line 7, enter "PYAB" and the amount from line 6 above.

### Column (f)

Enter the child's identifying number. This may be a social security number (SSN), an adoption taxpayer identification number (ATIN), or an individual taxpayer identification number (ITIN).

To get an —

- SSN, use **Form SS-5.**
- ATIN, use **Form W-7A.**
- ITIN, use **Form W-7.**

## More Than Two Eligible Children

If you adopted or tried to adopt more than two eligible children, fill in and attach as many Forms 8839 as you need to list them. Also, enter "See Attached" to the right of the **Caution** below line 1.

For **Part II**, fill in lines 2 through 6 for each child. But fill in lines 7 through 18 on only one Form 8839. The amount on line 7 of that Form 8839 should be the combined total of the amounts on line 6 of all the Forms 8839.

For **Part III**, fill in lines 19 through 22 and 24 for each child. But fill in lines 23 and 25 through 31 on only one Form 8839. The amount on line 23 of that Form 8839 should be the combined total of the amounts on line 22 of all the Forms 8839, and the amount on line 25 should be the combined total of the amounts on line 24.

## Line 2

Enter \$5,000 (\$6,000 for a child with special needs). If you and another person each paid qualified adoption expenses to adopt the same child, the \$5,000 limit (or \$6,000 if applicable) must be divided between the two of you in any way you both agree. If the other person is your spouse and you are filing a joint return, this rule does not apply.

## Line 3

Did you file a 1997 or 1998 Form 8839 in connection with the adoption of the child?

- No.** Enter zero on line 3.
- Yes.** If you filed a 1998 Form 8839, enter the total of the amounts from lines 3 and 6 of that form for the child. If you **only** filed a 1997 Form 8839, enter the amount from line 4 of that form for the child.

## Line 8

Use the following chart to find your modified AGI (adjusted gross income) to enter on line 8.

IF you file...	THEN enter on line 8 the amount from...
Form 1040	Form 1040, line 34, increased by the total of any: <ul style="list-style-type: none"> <li>● Exclusion of income from Puerto Rico, and</li> <li>● Amount from—               <ul style="list-style-type: none"> <li>● <b>Form 2555</b>, lines 43 and 48.</li> <li>● <b>Form 2555-EZ</b>, line 18.</li> <li>● <b>Form 4563</b>, line 15.</li> </ul> </li> </ul>
Form 1040A	Form 1040A, line 19

## Line 15

The amount of your credit may be limited. To find out if it is, complete the **Credit Limit Worksheet** on this page.

### Credit Limit Worksheet—Line 15 (keep for your records)

**Before you begin:** If you are filing Form 1040 and are claiming the mortgage interest credit (see the instructions for Form 1040, line 47), complete **Form 8396**.

1. **Form 1040 filers**, enter the amount from Form 1040, line 40, minus the total of any amounts on lines 41 through 44, and any mortgage interest credit from Form 8396, line 11. **Form 1040A filers**, enter the amount from Form 1040A, line 25, minus the total of any amounts on lines 26 through 29..... 1. \_\_\_\_\_
2. Enter the amount from Form 8839, line 15.... 2. \_\_\_\_\_
3. Enter the **smaller** of line 1 or line 2. Also, enter this amount on Form 1040, line 45, or Form 1040A, line 30. If line 1 is the smaller amount, replace the amount on Form 8839, line 15, with that new amount ..... 3. \_\_\_\_\_

## Lines 16 Through 18

If you had to replace the amount on line 15 of Form 8839 with a new amount from the **Credit Limit Worksheet**, you have an unused credit to carry forward to the next 5 years or until used, whichever comes first. Use the worksheet below to figure the amount of your credit carryforward. If you have any unused credit to carry forward to 2000, be sure you keep a copy of your 1999 Form 8839. You will need it to figure your credit for 2000.

### Credit Carryforward Worksheet—Lines 16 Through 18 (keep for your records)

1. Enter the amount from Form 8839, line 12.... 1. \_\_\_\_\_
  2. Enter the amount from Form 8839, line 13.... 2. \_\_\_\_\_
  3. Enter the amount from Form 8839, line 14.... 3. \_\_\_\_\_
  4. Add lines 1, 2, and 3 ..... 4. \_\_\_\_\_
  5. Enter the new amount from Form 8839, line 15..... 5. \_\_\_\_\_
  6. Subtract line 5 from line 4 ..... 6. \_\_\_\_\_
- Did you enter an amount on line 2 or line 3 above other than zero?
- No. Stop;** enter the amount from line 6 above on Form 8839, line 18; leave lines 16 and 17 blank.
- Yes.** Go to line 7.
7. 1997 credit carryforward. Subtract line 5 from line 2. If zero or less, enter -0-..... 7. \_\_\_\_\_
  8. Subtract line 2 from line 5. If zero or less, enter -0- ..... 8. \_\_\_\_\_
  9. 1998 credit carryforward. Subtract line 8 from line 3. If zero or less, enter -0-..... 9. \_\_\_\_\_
  10. Add lines 7 and 9 ..... 10. \_\_\_\_\_
  11. 1999 credit carryforward. Subtract line 10 from line 6. If zero or less, enter -0- ..... 11. \_\_\_\_\_

**Next.** Enter the amount, if more than zero, from:

- Line 7 above on Form 8839, line 16,
- Line 9 above on Form 8839, line 17, and
- Line 11 above on Form 8839, line 18.

## Line 19

Enter \$5,000 (\$6,000 for a child with special needs). If you and another person each received employer-provided adoption benefits in connection with the adoption of the same eligible child, the \$5,000 limit (or \$6,000 if applicable) must be divided between the two of you in any way you both agree. If the other person is your spouse and you are filing a joint return, this rule does not apply.

## Line 20

Did you receive employer-provided adoption benefits in 1997 or 1998 in connection with the adoption of the child?

- No.** Enter zero on line 20.
- Yes.** If you received benefits in 1998, enter the total of the amounts from lines 18 and 22 of your 1998 Form 8839 for the child. If you **only** received benefits in 1997, enter the amount from line 15 of your 1997 Form 8839 for the child.



*If the 1997 or 1998 benefits were received in connection with the adoption of a foreign child and the adoption was final in 1999, see **Exclusion of prior year benefits** on page 2.*

## Line 26

Follow these steps before you fill in the line 26 worksheet on this page.

Step	Action						
1	Figure the amount you would enter on line 7 of Form 1040 or 1040A if you could exclude the total amount on Form 8839, line 23.						
2	If you received social security benefits, use <b>Pub. 915</b> to figure the taxable amount of your benefits.						
3	If you made contributions to a traditional IRA for 1999 and you were covered by a retirement plan at work or through self-employment, use <b>Pub. 590</b> to figure your IRA deduction.						
4	If you file Form 1040, figure any amount to be entered on the dotted line next to line 32.						
5	Complete the following lines on your return if they apply: <table border="1" style="margin-left: 20px;"> <thead> <tr> <th>IF you file...</th> <th>THEN complete...</th> </tr> </thead> <tbody> <tr> <td>Form 1040</td> <td>Lines 8a, 8b, 9 through 21, 23, and 25 through 31a</td> </tr> <tr> <td>Form 1040A</td> <td>Lines 8a, 8b, 9 through 13b, and 15</td> </tr> </tbody> </table>	IF you file...	THEN complete...	Form 1040	Lines 8a, 8b, 9 through 21, 23, and 25 through 31a	Form 1040A	Lines 8a, 8b, 9 through 13b, and 15
IF you file...	THEN complete...						
Form 1040	Lines 8a, 8b, 9 through 21, 23, and 25 through 31a						
Form 1040A	Lines 8a, 8b, 9 through 13b, and 15						

## Modified AGI Worksheet—Line 26 (keep for your records)

1. Enter the amount you would enter on line 7 of Form 1040 or 1040A if you could exclude the total amount on Form 8839, line 23 ..... **1.** \_\_\_\_\_
2. Enter the amount from Form 8839, line 23 . **2.** \_\_\_\_\_
3. **Form 1040 filers**, add the amounts on lines 8a, 9 through 14, 15b, 16b, 17 through 19, 20b, and 21. Enter the total. **Form 1040A filers**, add the amounts on lines 8a, 9, 10b, 11b, 12, and 13b. Enter the total..... **3.** \_\_\_\_\_
4. Add lines 1, 2, and 3..... **4.** \_\_\_\_\_
5. **Form 1040 filers**, enter the total of the amounts from lines 23 and 25 through 31a, plus any amount entered on the dotted line next to line 32. **Form 1040A filers**, enter the amount from line 15..... **5.** \_\_\_\_\_
6. Subtract line 5 from line 4..... **6.** \_\_\_\_\_

**Form 1040 filers**, increase the amount on line 6 above by the total of the following amounts. Enter the total on Form 8839, line 26.

- Any amount from **Form 2555**, lines 43 and 48; **Form 2555-EZ**, line 18; and **Form 4563**, line 15, and
- Any exclusion of income from Puerto Rico.

**Form 1040A filers**, enter on Form 8839, line 26, the amount from line 6 above.



*For purposes of the credit, your modified AGI may be different. If you are taking the credit, be sure to read the instructions for line 8 on page 3 before you enter an amount on that line.*

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You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by Internal Revenue Code section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is: **Recordkeeping**, 46 min.; **Learning about the law or the form**, 20 min.; **Preparing the form**, 1 hr., 54 min.; and **Copying, assembling, and sending the form to the IRS**, 35 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. See the instructions for Form 1040 or 1040A.