

## **Top Ten Tips for Claiming the Adoption Tax Credit and Avoiding Delays\***

1. Read the [IRS guidelines](#) carefully on what documentation is required and send them exactly what they are requesting. (See below for links to all the relevant IRS guidelines.) Do not however, send more than they are requesting. This is not a case where more is better. Drowning the IRS agent with extraneous papers is not helpful and might cause delays.
2. Send copies, not originals, unless specifically told otherwise, and even then confirm that a copy would not be adequate.
3. Although the IRS does not specifically require that the taxpayer submit proof of payment of the qualified adoption expenses when your return is first submitted, it is highly likely that you will be required to submit this proof before they approve your credit; therefore sending it at the beginning will probably speed up the process. Acceptable proof of payment includes copies of receipts, cancelled checks, or credit card statements.
  - a. If you submit an adoption agency receipt make sure it is signed by the agency.
  - b. We have been told that a receipt alone is seldom sufficient proof. You should include proof of actual payment as well (such as cancelled checks, bank statements, credit card statements, etc.) showing that you paid the fees listed on the receipt.
4. Organize your supporting documents.
  - a. Send them in the order they are requested on your return.
  - b. Include a cover sheet listing the supporting documents for your claim.
  - c. Include your name and social security number on each page of your documents.
  - d. Label documents. For example, "Completed Home Study" or "Adoption Certificate" if it is not obvious on the first page.
  - e. For multiple page documents, include sequential page numbers even if they are stapled. For example, p. 1 out of 6, p. 2 out of 6, etc.
5. After you have your documents assembled and organized, make a copy in the likely event that you are asked to resubmit them.
6. One of the problems people reported from last year was the failure of the documents originally submitted to be included with the return when it was transferred to the correspondence auditor's desk. One trick reported by our [online community](#) is to file your taxes without the adoption tax credit. The next day submit an amended return with the adoption tax credit included and all required documentation. Thus, the amendment with the attached documentation ends up on the correspondence auditor's desk, rather than being separated. We discussed this trick on the [Feb. 29, 2012 Creating a Family radio show/podcast](#).
7. If you have enough expenses to more than cover the adoption tax credit, you may consider not including your costs for allowable birthmother expenses for domestic adoptions, since this may be a red flag for the IRS to audit. There is some debate amongst adoption and tax professionals whether these expenses should be included as qualified adoption expenses under the Adoption Tax Credit, but we are hearing reports that the IRS do not believe they should be included; therefore, inclusion might slow down your return.

8. If you are asked to resend in documents that you have already sent in with your original filing, assume, unless told otherwise, that the documents submitted were sufficient, but did not accompany your return when forwarded to the auditor's desk. In other words, do not go looking for additional documents; simply resend the documents you already sent. See # 5 above.
9. Do not try to file electronically. You must mail in your return due to the documentation requirements.
10. Be as pleasant as possible when dealing with IRS personnel. They are simply doing their job.

#### **Helpful Resources for the Adoption Tax Credit:**

- Creating a Family radio show/podcast. Download or listen through your computer to these hour long show where top experts answer listener questions on how to obtain this credit.
  - Filing for the Adoption Tax Credit (Feb. 29, 2012) [Listen/download the show](#) or read the [highlights](#) of what was covered.
  - The Adoption Tax Credit for 2011 and 2012 (Dec. 14, 2012) [Listen/download the show](#) or read [highlights](#) of what was covered.
- Extensive [resources on the Adoption Tax Credit](#) from Creating a Family.
- IRS [Form 8839](#) Qualified Adoption Expenses
- IRS [Instructions for Form 8839](#)
- IRS [Adoption Credit Documentation Requirements](#) Specifically lists what documentation is required for each type of adoption.
- IRS [Frequently asked Questions](#) about the Adoption Tax Benefit
- [IRS page for Form 8839](#) where they will post any new information
- Detailed Information the [Adoption Taxpayer Identification Number](#) (ATIN)
- When international adoptions are considered final
  - [International Adoption for countries that are party to the Hague Treaty](#) on Intercountry Adoptions
  - [International Adoption for countries that are not party to the Hague Treaty](#) on Intercountry Adoptions
- IRS General Intro to the [Adoption Credit and Adoption Assistance Programs for 2010 and 2011](#) Tax Topic 607
- Toll-free tax assistance line at 800-829-1040 or 1-800-829-0922. Call between the hours of 7am -10pm Eastern Time Monday through Friday.
- Taxpayer Advocate Office if your delays have become extensive 1-877-777-4778 from 7am to 10pm Eastern Time.
- If you have questions specific to filing for the adoption tax credit specifically for children adopted from foster care, contact the [North American Council on Adoptable Children \(NACAC\)](#) at [taxcredit@nacac.org](mailto:taxcredit@nacac.org). or 651-644-3036

\*The information in this tip sheet is intended for general education. Specific questions of how it applies to your individual situation should be asked of your tax professional. The Adoption Tax Credit is complex, and we encourage you to hire a professional.

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