Can I Claim My Grandchildren On My Taxes?

Participating in the raising of your grandchildren can be a wonderful experience, but it may come with some substantial expenses. Fortunately, you may be eligible to claim your grandchildren for tax purposes and take advantage of significant dependent exemptions and deductions.

Can my grandchild be considered a dependent?

To be claimed as a dependent, your grandchild must pass the test to be a “qualifying child.” Generally, to be a qualifying child:

- The child must be the descendent of your own child or sibling (including a step child, foster child, or adopted child);
- The child must be under age 19 (or under age 24 and a student), or any age if permanently and totally disabled;
- The child must have lived with you for more than half of the year;
- The child must not have provided more than half of his or her own support for the year;
- The child must not be filing a joint return for the year you claim them.

Additionally, you can claim an exemption for a qualifying child only if:

- You are not claimed by someone else as a dependent;
- The child is not married filing a joint return;
- The child is a U.S. citizen or resident, or resident of an adjoining country.

Can more than one person claim a child?

Only one person can claim a child for most tax benefits. Typically, the child’s parents will have the first right to claim their qualifying child. However, if the parents are unable to claim the child, or choose not to, then the person with the highest adjusted gross income (AGI) will be able to claim the qualifying child.

What tax benefits are possible for claiming a grandchild?

The following are examples of credits and benefits that may be available to you for a claiming
your grandchild. However, the rules vary for eligibility, so be sure to consult a tax professional and relevant IRS publications to ensure you claim them correctly!

**Dependency exemption.** Each exemption you take for dependents reduces your taxable income (in 2016, the dependent exemption reduced taxable income by $4,050 for each dependent). This means you will owe less taxes, or possibly get a larger refund.

**Credit for Child and Dependent Care Expenses.** If you paid work-related expenses for the care of your grandchild, such as day care, then you may be able to claim a credit for a percentage of those costs. This will reduce your taxable income.

**Child Tax Credit.** You may be able to reduce the tax you owe by $1,000 for each qualifying child. Furthermore, with the Additional Child Tax Credit, you may even receive a refund from this credit if your tax liability is reduced to $0.

**Earned Income Tax Credit.** This is a credit for taxpayers who do not have a high amount of earned income. Claiming this credit with a qualifying child could provide thousands of dollars of benefits, including a larger refund. However, the rules must be carefully considered and followed. See [IRS Publication 596](http://www.indianalegalservices.org/node/811/can-i-claim-my-grandchildren-my-taxes) (Earned Income Tax Credit) for more information on this credit.

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Last Revised: February 2017

[Claim Grandchildren.pdf](http://www.indianalegalservices.org/node/811/can-i-claim-my-grandchildren-my-taxes)

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