

Tax Provisions for Parents of Special Needs Children Fact Sheet

Claiming Your Child as a Dependent

You may be able to claim your child as a dependent on your income tax return, regardless of age, if they are permanently and totally disabled. They cannot engage in any substantial gainful activity due to physical or mental conditions, and a doctor determines that the condition has lasted or can be expected to last continuously for at least a year or can lead to death.

Adoption Credit

You may be able to claim an adoption credit and exclude employer-provided adoption benefits from your income if you adopt a child with special needs.

Deducting Medical Expenses

Most taxpayers do not "itemize" their deductions because the Internal Revenue Service (IRS) allows for a large standard deduction, which is almost always higher than the itemized deductions. However, itemized deductions include non-reimbursed medical expenses you paid personally on behalf of your dependent. To be deductible, a doctor must recommend that the child receive the service.

Medical expenses can include, but are not limited to, the following:

- doctor's fees and prescription drug costs
- fees you pay for a child's tutoring by a teacher who is specially trained and qualified to work with children who have learning disabilities caused by mental or physical impairments
- the cost (tuition, meals, and lodging) of attending a school that provides special education to help a child overcome learning disabilities, but not a school to overcome behavioral problems
- the part of the cost of Braille books and magazines for use by a visually impaired person that is more than the cost of non-Braille printed editions
- the cost of special hand controls and other special equipment installed in a car for the use of a person with a disability
- the difference between the cost of a regular car and a car specially designed to hold a wheelchair

- the cost of special equipment installed in your house to accommodate a disability (for example, wheelchair ramps, handrails, and support bars)
- the cost of buying, training, and maintaining a guide dog or other service animal to assist a disabled person, including the cost of food, grooming, and vet care
- the cost for therapy received as medical treatment
- the cost of transportation for medical care, including:
 - bus, taxi, train, plane, and ambulance services
 - transportation expenses, including lodging in a city away from home, of a parent who must go with a child who needs medical care
 - transportation expenses of a nurse or other person who can give injections, medications, or other treatment required by a patient who is traveling to get medical care and is unable to travel alone
 - transportation for regular visits to see a mentally ill dependent if these visits are recommended as part of treatment
 - mileage expense for using your own car for medical transportation (for example, doctor visits) at \$0.19 per mile

Earned Income Credit

You may qualify for an Earned Income Credit (EIC) if you work and have earned income under a certain amount, and if your qualifying child is permanently and totally disabled, regardless of age, as long as you meet the other requirements. The credit generally may be claimed by families with both a low to moderate income and children under the age of 19, or up to age 23 for full-time students. However, for permanently and totally disabled adult children living with their parents, the age limit does not apply. You must be able to prove that the child is your biological relative (restricted to certain relatives) and lived with you for more than six months of the year.

Child Care Credit

If you pay for someone to care for your dependent, and if the dependent is under the age of 13 or not able to care for themselves, you may be able to get a credit of up to 35% of your expenses. To qualify, you must pay these expenses so that you can either work or look for work. Child care, after-school programs, and day camps can qualify for the credit.

This fact sheet is a collaboration of the Center for Arkansas Legal Services and Legal Aid of Arkansas, Inc. These nonprofit organizations provide free legal assistance to eligible Arkansans who meet income, asset, and other guidelines. Legal assistance may also include advice and counsel, brief services, or full representation depending on the situation. For more information about civil legal aid in Arkansas, please visit arlegalservices.org. For information specific to Legal Aid of Arkansas, Inc., visit arlegalaid.org. Apply for services online or by calling 1-800-9-LAW-AID (1-800-952-9243).

The information and statements of law in this fact sheet should not be considered legal advice. This fact sheet is provided as a broad guide to help you understand how certain legal matters are handled in general. Courts may interpret the law differently. Before you take action, talk to an attorney and follow his or her advice. Always do what the court tells you to do.

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