Claiming Your Parent as a Dependent on Your Tax Return

If you pay over half the cost of supporting a parent, he or she is considered your dependent for federal income tax purposes — which may qualify you to some significant tax breaks. Here are the details.

New Credit for a Dependent Parent

For 2018 through 2025, your dependent parent may qualify you for a new $500 tax credit under the Tax Cuts and Jobs Act. The credit is available for dependents who aren't under-age-17 children. (Child dependents under 17 qualify for a $2,000 child tax credit.)

To qualify as your dependent for purposes of the $500 credit, your parent must pass a gross income test. You must also pay over half of your parent's support.

A dependent parent passes the gross income test for 2019 if he or she has gross income of $4,200 or less. For purposes of the gross income test, you can ignore any tax-free Social Security benefits. However, those tax-free benefits must be considered in determining whether you pay over half of your parent's support.

For example, suppose you're an unmarried individual and your widowed mother lives in her own home. In 2019, you pay over half the support for your mother, and you pay over half the cost of maintaining her principal home for the year.

Her gross income consists of $12,000 of tax-free Social Security benefits and $300 of interest income, all of which she uses for her own support. Because the Social Security benefits are ignored for the gross income test, your mother passes that test.

Thus, for 2019, your mother qualifies as your dependent for purposes of claiming the $500 credit. Plus, because you're single and pay over half the annual cost of maintaining her home, she also qualifies you for the favorable head of household (HOH) status. (See "Single Taxpayers: Consider HOH Filing Status" at right.)

Deduction for Paying Dependent Parent's Medical Expenses

For 2019, you can claim an itemized deduction for medical expenses paid for you, your spouse and your dependents, to the extent that those expenses exceed 10% of your adjusted gross income (AGI). AGI includes all taxable income items. It's reduced by certain write-offs, such as deductible IRA contributions and alimony payments required by a pre-2019 divorce agreement.

While clearing the 10%-of-AGI hurdle can be difficult, it may be much less difficult if you're paying significant medical expenses for a dependent parent. You must pay over half of your parent's support for your parent to be your dependent for medical expense deduction purposes. However, the gross income test isn't applicable when determining whether a parent is your dependent for medical expense deduction purposes.

Important: To claim deductions for a dependent parent's medical expenses, you must make *direct payments* to medical service providers. Simply reimbursing your parent for expenses that he or she paid won't get you a deduction.

For itemized medical expense deduction purposes, your dependent parent's medical expenses can include (but are not limited to) the following expenses that you *directly* pay:

- Health insurance premiums,
- Out-of-pocket medical costs, including insurance co-payments, deductibles, and expenditures for dental and vision care, and
- Qualified long-term care (LTC) insurance premiums.

Single Taxpayers: Consider HOH Filing Status

For unmarried individuals, a common — and expensive — error is filing as a single taxpayer when head of household (HOH) filing status is allowed. Compared to single filers, HOH filers are entitled to wider tax brackets and bigger standard deductions. So, using HOH filing status can save significant taxes.

If you're unmarried and pay over half the cost of maintaining your dependent parent's principal home for the year, you can use beneficial HOH filing status based on your dependent parent. There's no requirement for you and your dependent parent to live in the same household.

To be treated as your dependent for HOH filing status eligibility purposes, your parent must pass a gross income test and you must pay over half of his or her support. (See main article.)

Premiums for qualified LTC insurance policies also count as medical expenses for itemized deduction purposes, subject to the age-based limits. For each covered person, count the lesser of: 1) the premiums paid, or 2) the applicable age-based limit. For 2019, the age-based premium limits are:

2019 Age-Based LTC Premium Caps

Your Age at December 31, 2019	**Amount You Can Treat as a Medical Expense for 2019**
40 or under	$420
41 to 50	$790
51 to 60	$1,580
61 to 70	$4,220
Over 70	$5,270

To determine whether you incurred enough medical expenses to claim an itemized deduction, add up all the qualifying medical expenses for you, your spouse and your dependents — including your dependent parent, if applicable. To itemize, your total itemized deductions must exceed your allowable standard deduction.

For 2019, the following standard deduction amounts generally apply:

- $12,200 for single filers,
- $18,350 for heads of households, and
- $24,400 for married couples who file jointly.

Ask for Help

Providing financial support for a parent can qualify you for some well-deserved tax breaks. If you have questions or want more information, contact us.

The Law Office of Eugene Gorrin, LLC
17 Watchung Avenue, Suite 204
Chatham, NJ 07928
973.701.9300
egorrin@gorrinlaw.com
www.gorrinlaw.com