



ADOPTION ASSISTANCE PROGRAM EXPENSES ELIGIBLE FOR FEDERAL INCOME TAX SAVINGS

Qualified Adoption Expenses for a Qualifying Child may include, but are not limited to:

- Attorney Fees
- Court Costs
- Expenses associated with a legal domestic or foreign adoption up to \$10,630 for each qualifying child, including a "special needs child"
- Expenses for which the principal purpose is adoption
- Legal adoption fees which are reasonable and necessary
- Other directly related adoption expenses

DEFINITIONS:

A Qualifying Child is:

- An individual who is under the age of 18 at the time of the adoption,
or
- One physically or mentally incapable of self-care

A Special Needs Child is:

- Any child who cannot or should not be returned to the home of his or her parents and a specific factor or condition makes it reasonable to conclude that the child cannot be placed with adoptive parents unless assistance is provided as determined by a state, and
- A citizen or resident of the United States

Income Limitations:

- For 2005, the credit is phased out ratably for participants with a household modified adjusted gross income over \$159,450 and no credit is allowed to participants with a household modified adjusted gross income of \$199,450 or more

Adoption Expenses which DO NOT qualify:

- Adoption expenses of a child belonging to the participant's spouse
- Expenses for which another deduction or credit is allowed
- Illegal adoption expenses
- Surrogate parenting arrangements

