

**Tax for Children Under Age 14
 Who Have Investment Income of More Than \$1,000**

OMB No. 1545-0998

1990

Attachment
 Sequence No. **33**

▶ See instructions below and on back.
 ▶ Attach ONLY to the Child's Form 1040, Form 1040A, or Form 1040NR.

General Instructions

Purpose of Form. For children under age 14, investment income (such as taxable interest and dividends) over \$1,000 is taxed at the parent's rate if the parent's rate is higher than the child's rate.

Do not use this form if the child's investment income is \$1,000 or less. Instead, figure the tax in the normal manner on the child's income tax return. For example, if the child had \$900 of taxable interest income and \$200 of wages, Form 8615 is not required to be completed and the child's tax should be figured on Form 1040A using the Tax Table.

If the child's investment income is more than \$1,000, use this form to see if any of the child's investment income is taxed at the parent's rate and, if so, to figure the

child's tax. For example, if the child had \$1,100 of taxable interest income and \$200 of wages, complete Form 8615 and attach it to the child's Form 1040A.

Investment Income. As used on this form, "investment income" includes all taxable income other than earned income as defined on page 2. It includes income such as taxable interest, dividends, capital gains, rents, royalties, etc. It also includes pension and annuity income and income (other than earned income) received as the beneficiary of a trust.

Who Must File. Generally, Form 8615 must be filed for any child who was under age 14 on January 1, 1991, and who had more than \$1,000 of investment income. If neither parent was alive on December 31,

1990, do not use Form 8615. Instead, figure the child's tax based on his or her own rate.

Note: The parent may be able to elect to report the child's investment income on his or her return. If the parent makes this election, the child will not have to file a return or Form 8615. For more details, see the Instructions for Form 1040 or Form 1040A, or get Form 8814, Parent's Election To Report Child's Interest and Dividends.

Additional Information. For more information about the tax on investment income of children, please get Pub. 929, Tax Rules for Children and Dependents.

(Instructions continue on back.)

Child's name shown on return	Child's social security number
A Parent's name (first, initial, and last). (Caution: See instructions on back before completing.)	B Parent's social security number
C Parent's filing status (check one): <input type="checkbox"/> Single, <input type="checkbox"/> Married filing jointly, <input type="checkbox"/> Married filing separately, <input type="checkbox"/> Head of household, or <input type="checkbox"/> Qualifying widow(er)	
D Enter number of exemptions claimed on parent's return. (If the parent's filing status is married filing separately, see the instructions.) ▶ <input type="checkbox"/>	

Step 1 Figure child's net investment income

1 Enter the child's investment income, such as taxable interest and dividend income (see the instructions). (If this amount is \$1,000 or less, stop here; do not file this form.)	1		
2 If the child DID NOT itemize deductions on Schedule A (Form 1040 or Form 1040NR), enter \$1,000. If the child ITEMIZED deductions, see the instructions	2		
3 Subtract the amount on line 2 from the amount on line 1. Enter the result. (If zero or less, stop here; do not complete the rest of this form but ATTACH it to the child's return.)	3		
4 Enter the child's taxable income (from Form 1040, line 37; Form 1040A, line 22; or Form 1040NR, line 35).	4		
5 Compare the amounts on lines 3 and 4. Enter the smaller of the two amounts here ▶	5		

Step 2 Figure tentative tax based on the tax rate of the parent listed above

6 Enter the parent's taxable income (from Form 1040, line 37; Form 1040A, line 22; Form 1040EZ, line 5; or Form 1040NR, line 35). But if the parent transferred property to a trust, see the instructions	6		
7 Enter the total, if any, of the net investment income from Forms 8615, line 5, of ALL OTHER children of the parent. (Do not include the amount on line 5 above.)	7		
8 Add the amounts on lines 5, 6, and 7. Enter the total	8		
9 Tax on the amount on line 8 based on the parent's filing status	9		
10 Enter the parent's tax (from Form 1040, line 38; Form 1040A, line 23; Form 1040EZ, line 7; or Form 1040NR, line 36)	10		
11 Subtract the amount on line 10 from the amount on line 9. Enter the result. (If no amount is entered on line 7, enter the amount from line 11 on line 13; skip lines 12a and 12b.)	11		
12a Add the amounts on lines 5 and 7. Enter the total	12a		
b Divide the amount on line 5 by the amount on line 12a. Enter the result as a decimal (rounded to two places).	12b	x	
13 Multiply the amount on line 11 by the decimal amount on line 12b. Enter the result ▶	13		

Step 3 Figure child's tax

Note: If the amounts on lines 4 and 5 are the same, skip to line 16.

14 Subtract the amount on line 5 from the amount on line 4. Enter the result	14		
15 Tax on the amount on line 14 based on the child's filing status	15		
16 Add the amounts on lines 13 and 15. Enter the total	16		
17 Tax on the amount on line 4 based on the child's filing status	17		
18 Compare the amounts on lines 16 and 17. Enter the larger of the two amounts here and on Form 1040, line 38; Form 1040A, line 23; or Form 1040NR, line 36. Be sure to check the box for "Form 8615" ▶	18		

Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:

- Recordkeeping 13 min.
- Learning about the law or the form 11 min.
- Preparing the form 37 min.
- Copying, assembling, and sending the form to IRS 17 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form more simple, we would be happy to hear from you. You can write to both the IRS and the Office of Management and Budget at the addresses listed in the instructions of the tax return with which this form is filed.

Incomplete Information for Parent. If a parent or guardian of a child cannot obtain the necessary information to complete Form 8615 before the due date of the child's return, reasonable estimates of the parent's taxable income or filing status and the net investment income of the parent's other children may be made. The appropriate line of Form 8615 must be marked "Estimated." For more information, see Pub. 929.

Line-by-Line Instructions

We have provided specific instructions for most of the lines on the form. Those lines that do not appear in these instructions are self-explanatory.

Lines A and B. If the child's parents were married to each other and filed a joint return, enter the name and social security number of the parent who is listed first on the joint return. For example, if the father's name is listed first on the return and his social security number is entered in the block labeled "Your social security number," enter his name on line A and his social security number on line B.

If the parents were married but filed separate returns, enter the name and social security number of the parent who had the higher taxable income. If you do not know which parent had the higher taxable income, see Pub. 929.

If the parents were unmarried, treated as unmarried for Federal income tax purposes, or separated either by a divorce or separate maintenance decree, enter the name and social security number of the parent who had custody of the child for most of the year (the custodial parent). **Exception.** If the custodial parent remarried and filed a joint return with his or her spouse, enter the name and social security number of the

person who is listed first on the joint return, even if that person is not the child's parent. If the custodial parent and his or her spouse filed separate returns, enter the name and social security number of the person with the higher taxable income, even if that person is not the child's parent.

Note: If the parents were unmarried but lived together during the year with the child, enter the name and social security number of the parent who had the higher taxable income.

Line D. If the parent's filing status is married filing separately and the parent claimed an exemption for his or her spouse, write "Spouse" in the space above the box on line D.

Line 1. If the child had no earned income (defined below), enter the child's adjusted gross income (from Form 1040, line 32; Form 1040A, line 17; or Form 1040NR, line 31).

If the child had earned income, use the following worksheet to figure the amount to enter on line 1. However, if any of the following applies, use the worksheet in Pub. 929 instead of the one below to figure the amount to enter on Form 8615, line 1:

- The child files Form 2555, Foreign Earned Income.
- The child had a net loss from self-employment.
- The child claims a net operating loss deduction.

Worksheet (keep for your records)

1. Enter the amount from the child's Form 1040, line 23; Form 1040A, line 14; or Form 1040NR, line 23, whichever applies _____
2. Enter the child's earned income (defined below) plus any deduction the child claims on Form 1040, line 28, or Form 1040NR, line 27, whichever applies _____
3. Subtract the amount on line 2 from the amount on line 1. Enter the result here and on Form 8615, line 1 _____

Earned income includes wages, tips, and other payments received for personal services performed. Generally, earned income is the total of the amounts reported on Form 1040, lines 7, 12, and 19; Form 1040A, line 7; or Form 1040NR, lines 8, 13, and 20.

Line 2. If the child itemized deductions on Schedule A (Form 1040 or Form 1040NR), enter on line 2 the greater of:

- \$500 plus the portion of the amount on Schedule A (Form 1040), line 27 (or Schedule A (Form 1040NR), line 10), that

is directly connected with the production of the investment income on Form 8615, line 1; OR

- \$1,000.

Line 6. Enter the taxable income shown on the tax return of the parent identified on line A of Form 8615. If the parent's taxable income is less than zero, enter zero on line 6.

If the parent filed a joint return, enter the taxable income shown on that return even if the parent's spouse is not the child's parent.

If the parent transferred property to a trust which sold or exchanged the property during the year at a gain, include any gain that was taxed to the trust under Internal Revenue Code section 644 in the amount entered on line 6. Write "Section 644" and the amount on the dotted line next to line 6. Also, see the instructions for line 10 below.

Line 7. If the individual identified as the parent on this Form 8615 is also identified as the parent on any other Form 8615, add the amounts, if any, from line 5 on each of the other Forms 8615 and enter the total on line 7.

Lines 9, 15, and 17. Figure the tax using the Tax Table or Tax Rate Schedules, whichever applies.

Line 10. Enter the tax shown on the tax return of the parent identified on line A of Form 8615. If the parent filed a joint return, enter the tax shown on that return even if the parent's spouse is not the child's parent.

If line 6 includes any gain taxed to a trust under Internal Revenue Code section 644, add the tax imposed under section 644(a)(2)(A) to the tax shown on the parent's return. Enter the total on line 10 instead of entering the tax from the parent's return. Write "Section 644" on the dotted line next to line 10.

Line 18. Compare the amounts on lines 16 and 17 and enter the larger of the two amounts on line 18. Be sure to check the box for "Form 8615" on the appropriate line of the child's tax return even if the amount on line 17 is the larger of the two amounts.

Amended Return. If after the child's return is filed, the parent's taxable income is changed or the net investment income of any of the parent's other children is changed, the child's tax must be refigured using the adjusted amounts. If the child's tax is changed as a result of the adjustment(s), file Form 1040X, Amended U.S. Individual Income Tax Return, to correct the child's tax.

Alternative Minimum Tax. A child whose tax is figured on Form 8615 may be subject to the alternative minimum tax. Get Form 6251, Alternative Minimum Tax—Individuals, and its instructions to see if the child owes this tax.