



Instructions for Form 8615

Tax for Children Under Age 14 With Investment Income of More Than \$1,500

Section references are to the Internal Revenue Code.

General Instructions

Purpose of Form

For children under age 14, investment income over \$1,500 is taxed at the parent's rate if the parent's rate is higher than the child's. If the child's investment income is more than \$1,500, use Form 8615 to figure the child's tax.

Investment Income

For Form 8615, "investment income" includes all taxable income other than earned income as defined on this page. Investment income includes taxable interest, ordinary dividends, capital gains (including capital gain distributions), rents, royalties, etc. It also includes taxable social security benefits, pension and annuity income, and income (other than earned income) received as the beneficiary of a trust.

Who Must File

Form 8615 must be filed for any child who meets the following conditions.

- The child was under age 14 at the end of 2003. A child born on January 1, 1990, is considered to be age 14 at the end of 2003.
- At least one of the child's parents was alive at the end of 2003.
- The child had more than \$1,500 of investment income.
- The child is required to file a tax return.

Note: *The parent may be able to elect to report the child's interest, ordinary dividends, and capital gain distributions on the parent's return. If the parent makes this election, the child will not have to file a return or Form 8615. However, the Federal income tax on the child's income, including qualified dividends and capital gain distributions, may be higher if this election is made. For more details, see Form 8814, Parents' Election To Report Child's Interest and Dividends.*

Additional Information

For more details, see **Pub. 929**, Tax Rules for Children and Dependents.

Incomplete Information for Parent or Other Children

If the parent's taxable income or filing status or the net investment income of the parent's other children is not known by the due date of the child's return, reasonable estimates may be used. Enter "Estimated" next to the appropriate line(s) of Form 8615. When the correct information is available, file **Form 1040X**, Amended U.S. Individual Income Tax Return.

Instead of using estimates, the child may be able to get an automatic 4-month extension of time to file. For details, see **Form 4868**, Application for Automatic Extension of Time To File U.S. Individual Income Tax Return.

Amended Return

If after the child's return is filed the parent's taxable income changes or the net investment income of any of the parent's other children changes, the child's tax must be refigured using the adjusted amounts. If the child's tax changes, file Form 1040X to correct the child's tax.

Alternative Minimum Tax

A child whose tax is figured on Form 8615 may owe the alternative minimum tax. For details, see **Form 6251**, Alternative Minimum Tax—Individuals, and its instructions.

Line Instructions

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 (SSN) of the parent who is listed first on the joint return.

If the parents were married but filed separate returns, enter the name and SSN 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 by either a divorce or separate maintenance decree, enter the name and SSN 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 new spouse, enter the name and SSN of the person listed first on the joint return, even if that person is not the child's parent. If the custodial parent and his or her new spouse filed separate returns, enter the name and SSN 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 SSN of the parent who had the higher taxable income.*

Line 1

If the child had no earned income (defined below), enter the child's adjusted gross income from Form 1040, line 35; Form 1040A, line 22; or Form 1040NR, line 34.

If the child had earned income, use the worksheet on page 2 to figure the amount to enter on line 1. **But** use Pub. 929 instead of the worksheet to figure the amount to enter on line 1 if the child:

- Files **Form 2555** or **2555-EZ** (relating to foreign earned income),
- Has a net loss from self-employment, or
- Claims a net operating loss deduction.

Earned income includes wages, tips, and other payments received for personal services performed.

Generally, it is the total of the amounts reported on Form 1040, lines 7, 12, and 18; Form 1040A, line 7; or Form 1040NR, lines 8, 13, and 19.

Line 2

If the child itemized deductions, enter the **larger** of:

- \$1,500 **or**
- \$750 plus the portion of the amount on **Schedule A** (Form 1040), line 28 (or line 17 of the Form 1040NR Schedule A), that is directly connected with the production of the investment income on Form 8615, line 1.

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.

Line 9

Figure the tax using the Tax Table, Tax Rate Schedules, Qualified Dividends and Capital Gain Tax Worksheet, or Schedule D or J, whichever applies. If any qualified dividends or net capital gain is included on line 8, Schedule D must be used to figure the tax unless the Qualified Dividends and Capital Gain Tax Worksheet may be used. See Pub. 929 for details on how to figure the qualified dividends and net capital

gain included on line 8. If any farm income is included on line 8, the tax may be less if you use Schedule J. If Schedule J was used to figure the tax on the parent’s return, see Pub. 929 for details on how to figure the tax.

Line 10

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.

Line 15

Figure the tax using the Tax Table, Tax Rate Schedule X, Qualified Dividends and Capital Gain Tax Worksheet, or Schedule D or J, whichever applies. If line 14 includes any qualified dividends or net capital gain, use Schedule D to figure the tax unless the Qualified Dividends and Capital Gain Tax Worksheet may be used. See Pub. 929 for details on how to figure the qualified dividends and net capital gain included on line 14. If any farm income is included on line 14, the tax may be less if you use Schedule J.

Line 17

Figure the tax using the Tax Table, Tax Rate Schedule X, Qualified Dividends and Capital Gain Tax Worksheet, or Schedule D or J, whichever applies. If line 4 includes

any qualified dividends or net capital gain, use Schedule D to figure the tax unless the Qualified Dividends and Capital Gain Tax Worksheet may be used. If any farm income is included on line 4, the tax may be less if you use Schedule J.

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.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

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

Recordkeeping, 26 min.; **Learning about the law or the form**, 11 min.; **Preparing the form**, 42 min.; and **Copying, assembling, and sending the form to the IRS**, 20 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. See the instructions for the tax return with which this form is filed.

Child’s Investment Income Worksheet—Line 1 (keep for your records)

1.	Enter the amount from the child’s Form 1040, line 22; Form 1040A, line 15; or Form 1040NR, line 23, whichever applies . . .	1.	_____
2.	Enter the child’s earned income (defined on page 1) plus any amount from the child’s Form 1040, line 31, or Form 1040NR, line 30, whichever applies	2.	_____
3.	Subtract line 2 from line 1. Enter the result here and on Form 8615, line 1	3.	_____