



# Instructions for Form 8839

## Qualified Adoption Expenses

### General Instructions

#### A Change To Note

**Child with special needs.** If you adopted a child with special needs and the adoption became final in 2003, you may be able to take a credit of up to \$10,160 per child regardless of the amount of your expenses. See the instructions for line 1, column (d), on page 2, for the definition of a child with special needs. You may also be able to exclude from your income up to \$10,160 for each child with special needs regardless of the amount of employer-provided adoption benefits you received. But your employer must have had a qualified adoption assistance program. See **Employer-Provided Adoption Benefits** on this page.

#### Purpose of Form

Use Form 8839 to figure the amount of your adoption credit and any employer-provided adoption benefits you may exclude from your income. You may be able to take the credit if you paid qualified adoption expenses in:

- 2002 or
- 2003 and the adoption became final in or before 2003.

You may also be able to take the credit if:

- You adopted a child with special needs and the adoption became final in 2003.
- You paid expenses after 1996 in connection with the adoption of an eligible foreign child and the adoption became final in 2003. See the instructions for line 1, column (e), that begin on page 2.
- You have a carryforward of an adoption credit from a prior year.

Use Part III of Form 8839 to figure the amount of any **employer-provided adoption benefits** you may exclude from your income on line 7 of Form 1040 or 1040A if your employer had a qualified adoption assistance program (see **Employer-Provided Adoption Benefits** on this page) and any of the following apply.

- You received employer-provided adoption benefits in 2003. However, special rules apply for benefits received in connection with the adoption of an eligible foreign child. See the instructions for line 1, column (e), that begin on page 2.
- You adopted a child with special needs and the adoption became final in 2003.
- You received employer-provided adoption benefits after 1996 in connection with the adoption of an eligible foreign child and the adoption became final in 2003. See the instructions for line 1, column (e), that begin on page 2.

You **must** complete Part III of Form 8839 before you can figure the credit, if any, in Part II.

### Definitions

#### Eligible Child

An eligible child is:

- Any child **under age 18**. If the child turned 18 during the year, the child is an eligible child for the part of the year he or she was under age 18.

- Any disabled person physically or mentally unable to take care of himself or herself.



*If you and another person (other than your spouse if filing jointly) adopted or tried to adopt an eligible child, see the instructions for line 2 on page 3 (or line 19 on page 4 if applicable) before completing Part II (or Part III).*

### Employer-Provided Adoption Benefits

Employer-provided adoption benefits are amounts your employer paid directly to either you or a third party for qualified adoption expenses under a qualified adoption assistance program. Generally, a **qualified adoption assistance program** is a separate written plan set up by an employer to provide adoption assistance to its employees. For more details, see **Pub. 968**, Tax Benefits for Adoption.

Employer-provided adoption benefits should be shown in box 12 of your Form(s) W-2 with a code **T**. Your salary may have been reduced to pay these benefits. You may also be able to exclude amounts not shown in box 12 of your Form W-2 if all of the following apply.

- You adopted a child with special needs. See the instructions for line 1, column (d), on page 2 for the definition of a child with special needs.
- The adoption became final in 2003.
- Your employer had a qualified adoption assistance program as described above.

### Qualified Adoption Expenses

Qualified adoption expenses are reasonable and necessary expenses directly related to, and for the principal purpose of, the legal adoption of an eligible child.

Qualified adoption expenses **include**:

- Adoption fees.
- Attorney fees.
- Court costs.
- Travel expenses (including meals and lodging) while away from home.

Qualified adoption expenses **do not include** expenses:

- For which you received funds under any state, local, or Federal program.
- That violate state or Federal law.
- For carrying out a surrogate parenting arrangement.
- For the adoption of your spouse's child.
- Paid or reimbursed by your employer or any other person or organization.
- Paid before 1997.
- Allowed as a credit or deduction under any other provision of Federal income tax law.

### Who Can Take the Adoption Credit or Exclude Employer-Provided Adoption Benefits?

You may be able to take the credit or exclusion if **all three** of the following apply.

1. Your filing status is single, head of household, qualifying widow(er), or married filing jointly. If your filing

status is married filing separately, see **Married Persons Filing Separate Returns** below.

2. Your modified AGI is less than \$192,390 or you have a carryforward of an adoption credit from a prior year. To figure your modified AGI, see the instructions for line 8 on page 4 (for the credit) or line 26 on page 5 (for the exclusion).

3. You report the required information about the eligible child in Part I.

### Married Persons Filing Separate Returns

You may be able to take the credit or exclusion if you meet items 2 and 3 listed above and **all** of the following apply.

- You lived apart from your spouse during the last 6 months of 2003.
- The eligible child lived in your home more than half of 2003.
- You provided over half the cost of keeping up your home.

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## Specific Instructions

### Part I—Information About Your Eligible Child or Children

#### Line 1

Complete all columns that apply to the eligible child you adopted or tried to adopt. If you do not give correct or complete information, your credit and any exclusion may be disallowed.

If you cannot give complete information because you tried to adopt an eligible child but were unsuccessful or the adoption was not final by the end of 2003, complete the entries you can on line 1. Enter "See Page 2" in the columns for which you do not have the information. Then, on the bottom of page 2, enter the name and address of any agency or agent (such as an attorney) that assisted in the attempted adoption.

#### Child 1 or Child 2

If you made more than one attempt to adopt **one** eligible child, combine the amounts you spent and complete only the "Child 1" line. **Do not** report the additional attempt(s) on the "Child 2" line. Complete the "Child 2" line **only** if you adopted or tried to adopt **two** eligible children.



*If you filed Form 8839 for a prior year in connection with this adoption, enter your 2003 information on the same line (Child 1 or Child 2) that you used in the prior year.*

#### More Than Two Eligible Children

If you adopted or tried to adopt more than two eligible children, fill in and attach as many Forms 8839 as you need to list them. Also, enter "See Attached" to the right of the **Caution** below line 1.

For **Part II**, fill in lines 2 through 6 for each child. But fill in lines 7 through 18 on only one Form 8839. The amount on line 7 of that Form 8839 should be the combined total of the amounts on line 6 of all the Forms 8839.

For **Part III**, fill in lines 19 through 22 and 24 for each child. But fill in lines 23 and 25 through 31 on only one Form 8839. The amount on line 23 of that Form 8839 should be the combined total of the amounts on line 22 of all the Forms 8839. The amount on line 25 of that form should be the combined total of the amounts on line 24.

#### Column (c)

Check this box if the child was born **before 1986** and was disabled. A child is **disabled** if the child is physically or mentally unable to take care of himself or herself.

#### Column (d)

Check this box if the child was a child with special needs. A child is a **child with special needs** if **all three** of the following apply.

1. The child was a citizen or resident of the United States or its possessions at the time the adoption process began.

2. A state (including the District of Columbia) has determined that the child cannot or should not be returned to his or her parents' home.

3. The state has determined that the child will not be adopted unless assistance is provided to the adoptive parents. Factors used by states to make this determination include:

- The child's ethnic background and age,
- Whether the child is a member of a minority or sibling group, and
- Whether the child has a medical condition or a physical, mental, or emotional handicap.



*If you check the box in column (d), be sure to keep evidence of the state's determination in your records.*

#### Column (e)

Check this box if the child was a foreign child. A child is a **foreign child** if he or she was **not** a citizen or resident of the United States or its possessions at the time the adoption process began.

**Special Rules.** If you paid qualified adoption expenses after 1996 in connection with the adoption of a foreign child and the adoption became **final** in 2003, you may use the total expenses paid after 1996 in determining the amount to enter on line 5. But you cannot include more than \$5,000 of expenses paid before 2002 in determining the total. If you and another person (other than your spouse if filing jointly) each paid qualified adoption expenses to adopt the same child, the total qualified expenses (including those subject to the \$5,000 limit) must be divided between the two of you. You may divide it in any way you both agree.

If the adoption **did not** become **final** by the end of 2003, you **cannot** take the adoption credit for that child in 2003. If the adoption becomes final in a later year, you may be able to take a credit for the expenses in that year.

If you received **employer-provided adoption benefits** in 2003 in connection with the adoption of a foreign child and the adoption **did not** become **final** by the end of 2003, you must include the benefits in the total entered on Form 1040 or 1040A, line 7. Also, enter "AB" (adoption benefits) next to line 7. If the adoption becomes final in a later year, you may be able to exclude the benefits from your income in that year.

**Exclusion of prior year benefits.** If you received employer-provided adoption benefits after 1996 in connection with the adoption of a foreign child and the adoption became **final** in 2003, you may be able to exclude part or all of those benefits from your 2003 income. To find out if you can, complete the worksheet on page 3. You also must use the worksheet to complete Part III of Form 8839 and to figure any taxable benefits to enter on Form 8839, line 31.

If the adoption of more than one foreign child became final in 2003, complete lines 1 through 7 of the worksheet on page 3 separately for each foreign child and use the combined totals to complete lines 8 through 13 of the worksheet.

**Exclusion of Prior Year Benefits Worksheet**  
(keep for your records)

1. Enter the total **1997 through 2001** employer-provided adoption benefits you received for the adoption of the foreign child. 1. \_\_\_\_\_
2. Enter **\$5,000**. If you and another person (other than your spouse if filing jointly) each received employer-provided adoption benefits after 1996 and before 2002 to adopt the same child, see instructions . . . . . 2. \_\_\_\_\_
3. Enter the **smaller** of line 1 or line 2 . . . . . 3. \_\_\_\_\_
4. Enter the total **2002 and 2003** employer-provided adoption benefits you received for the adoption of the foreign child. 4. \_\_\_\_\_
5. Add lines 3 and 4 . . . . . 5. \_\_\_\_\_
6. Enter **\$10,160**. If you and another person (other than your spouse if filing jointly) each received employer-provided adoption benefits in 2002 or 2003 to adopt the same child, see instructions . . . . . 6. \_\_\_\_\_
7. Enter the **smaller** of line 5 or line 6 here and on Form 8839, line 19. If necessary, cross out the preprinted amount on line 19 and enter the result above the preprinted amount . . . . . 7. \_\_\_\_\_

**Next:**

- Enter zero on Form 8839, line 20.
- Enter the amount from line 7 above on Form 8839, line 21.
- On Form 8839, line 22, enter the total amount of employer-provided adoption benefits received in **1997 through 2003**. On the dotted line next to line 22, enter "PYAB" and the total amount of benefits you received in **1997 through 2002**.
- Complete Form 8839 through line 30. Then, complete lines 8 through 13 below to figure the amount of any prior year benefits you may exclude and the taxable benefits, if any, to enter on Form 8839, line 31.

8. Is the amount on your 2003 Form 8839, line 30, less than the amount on Form 8839, line 23?  
 **No.** Go to line 11.  
 **Yes.** Subtract line 30 from line 23 . . . . . 8. \_\_\_\_\_
9. Enter the total **1997 through 2002** employer-provided adoption benefits included on Form 8839, line 22, for all children . . . . . 9. \_\_\_\_\_
10. **Taxable benefits.** Subtract line 9 from line 8. If zero or less, enter -0-. Enter the result here and on Form 8839, line 31. If more than zero, also include this amount on line 7 of Form 1040 or 1040A. On the dotted line next to line 7, enter "AB." . . . . . 10. \_\_\_\_\_
11. Enter the amount from Form 8839, line 30 . . . . . 11. \_\_\_\_\_
12. Enter the total **2003** employer-provided adoption benefits included on Form 8839, line 22, for all children . . . . . 12. \_\_\_\_\_
13. **Prior year excluded benefits.** Subtract line 12 from line 11. If zero or less, **stop**; you cannot exclude any of your prior year benefits . . . . . 13. \_\_\_\_\_

**Next.** Figure the total you would enter on line 7 of Form 1040 or 1040A **before** you exclude the amount from line 13 above. Then, subtract the amount from line 13 above from that total. Enter the result on line 7 of Form 1040 or 1040A. On the line next to line 7, enter "PYAB" and the amount from line 13 above.

**Line 2 of the worksheet.** The maximum amount of employer-provided adoption benefits received after 1996 and before 2002 that can be excluded from income is \$5,000. If you and another person (other than your spouse if filing jointly) each received employer-provided adoption benefits to adopt the same child, the \$5,000 limit must be divided between the two of you. You may divide it in any way you both agree. Enter your share of the \$5,000 limit on line 2 of the worksheet on this page.

**Line 6 of the worksheet.** The maximum amount of employer-provided adoption benefits that can be excluded from income is \$10,160 per child (including up to \$5,000 of benefits received after 1996 and before 2002). If you and another person (other than your spouse if filing jointly) each received employer-provided adoption benefits to adopt the same child, the \$10,160 limit must be divided between the two of you. You may divide it in any way you both agree. Enter your share of the \$10,160 limit on line 6 of the worksheet on this page.

**Column (f)**

Enter the child's identifying number. This may be a social security number (SSN), an adoption taxpayer identification number (ATIN), or an individual taxpayer identification number (ITIN).

- To get an —
- SSN, use **Form SS-5**.
  - ATIN, use **Form W-7A**.
  - ITIN, use **Form W-7**.

**Part II—Adoption Credit**

**Line 2**

The maximum adoption credit is \$10,160 per child. If you and another person (other than your spouse if filing jointly) each paid qualified adoption expenses to adopt the same child, the \$10,160 limit must be divided between the two of you. You may divide it in any way you both agree. Cross out the preprinted entry on line 2 and enter above line 2 your share of the \$10,160 limit for that child.

**Line 3**

Did you file Form 8839 for a prior year in connection with the adoption of the same child?

**No.** Enter -0- on line 3.

**Yes.** If you filed Form 8839 in any year from 1998 through 2002, enter the total of the amounts shown for the child on lines 3 and 6 of the **last** form you filed. Otherwise, enter the amount shown for the child on line 4 of your 1997 Form 8839.

**Line 5**



*Special rules apply if you paid expenses in connection with the adoption of an eligible foreign child. See the instructions for line 1, column (e), that begin on page 2 for details.*

Enter on line 5 the total qualified adoption expenses you paid in:

- 2002 if the adoption was not final by the end of 2003.
- 2002 and 2003 if the adoption became final in 2003.
- 2003 if the adoption became final before 2003.

But, if you adopted a **child with special needs** and the adoption became final in 2003, enter \$10,160 on line 5.



## Line 8

Use the following chart to find your modified adjusted gross income to enter on line 8.

IF you file. . .	THEN enter on line 8 the amount from. . .
Form 1040	Form 1040, line 35, increased by the total of any: <ul style="list-style-type: none"> <li>• Exclusion of income from Puerto Rico and</li> <li>• Amounts from—               <ul style="list-style-type: none"> <li>• <b>Form 2555</b>, lines 43 and 48.</li> <li>• <b>Form 2555-EZ</b>, line 18.</li> <li>• <b>Form 4563</b>, line 15.</li> </ul> </li> </ul>
Form 1040A	Form 1040A, line 22

## Line 18 – Credit Carryforward to 2004

If line 17 of Form 8839 is smaller than line 14, you may have an unused credit to carry forward to the next 5 years or until used, whichever comes first. Use the worksheet below to figure the amount of your credit carryforward. If you have any unused credit to carry forward to 2004, be sure you keep the worksheet. You will need it to figure your credit for 2004.

### Credit Carryforward Worksheet (keep for your records)

1. Enter the amount from Form 8839, line 12 . . . . . **1.** \_\_\_\_\_  
 Did you use the **Credit Carryforward Worksheet** in the **2002** Form 8839 instructions?  
 **No.** Skip lines 2 through 6. Enter the amount from line 1 above on line 7.  
 **Yes.** Have that worksheet handy and go to line 2.
2. Enter any 1998 credit carryforward (line 12 of your 2002 worksheet) . . . . . **2.** \_\_\_\_\_
3. Enter any 1999 credit carryforward (line 14 of your 2002 worksheet) . . . . . **3.** \_\_\_\_\_
4. Enter any 2000 credit carryforward (line 16 of your 2002 worksheet) . . . . . **4.** \_\_\_\_\_
5. Enter any 2001 credit carryforward (line 18 of your 2002 worksheet) . . . . . **5.** \_\_\_\_\_
6. Enter any 2002 credit carryforward (line 20 of your 2002 worksheet) . . . . . **6.** \_\_\_\_\_
7. Add lines 1 through 6 . . . . . **7.** \_\_\_\_\_
8. Enter the amount from Form 8839, line 18 . . . . . **8.** \_\_\_\_\_
9. Subtract line 8 from line 7 . . . . . **9.** \_\_\_\_\_  
 Did you enter an amount on line 2, 3, 4, 5, or 6 above?  
 **No. Stop;** enter the amount from line 9 on lines 20 and 23 below; skip all the other lines.  
 **Yes.** Go to line 10.
10. Subtract line 8 from line 2. If zero or less, enter -0- . . . . . **10.** \_\_\_\_\_
11. Subtract line 2 from line 8. If zero or less, enter -0- . . . . . **11.** \_\_\_\_\_
12. **1999 credit carryforward to 2004.** Subtract line 11 from line 3. If zero or less, enter -0- . . . . . **12.** \_\_\_\_\_
13. Subtract line 3 from line 11. If zero or less, enter -0- . . . . . **13.** \_\_\_\_\_

14. **2000 credit carryforward to 2004.** Subtract line 13 from line 4. If zero or less, enter -0- . . . . . **14.** \_\_\_\_\_
15. Subtract line 4 from line 13. If zero or less, enter -0- . . . . . **15.** \_\_\_\_\_
16. **2001 credit carryforward to 2004.** Subtract line 15 from line 5. If zero or less, enter -0- . . . . . **16.** \_\_\_\_\_
17. Subtract line 5 from line 15. If zero or less, enter -0- . . . . . **17.** \_\_\_\_\_
18. **2002 credit carryforward to 2004.** Subtract line 17 from line 6. If zero or less, enter -0- . . . . . **18.** \_\_\_\_\_
19. Add lines 10, 12, 14, 16, and 18 . . . . . **19.** \_\_\_\_\_
20. **2003 credit carryforward to 2004.** Subtract line 19 from line 9. If zero or less, enter -0- . . . . . **20.** \_\_\_\_\_
21. Add lines 19 and 20 . . . . . **21.** \_\_\_\_\_
22. Enter the amount from line 10 . . . . . **22.** \_\_\_\_\_
23. **Total credit carryforward to 2004.** Subtract line 22 from line 21 . . . . . **23.** \_\_\_\_\_

## Part III—Employer-Provided Adoption Benefits

### Line 19

The maximum amount that can be excluded from income for employer-provided adoption benefits is \$10,160 per child. If you and another person (other than your spouse if filing jointly) each received employer-provided adoption benefits in connection with the adoption of the same eligible child, the \$10,160 limit must be divided between the two of you. You may divide it in any way you both agree. Cross out the preprinted entry on line 19 and enter above line 19 your share of the \$10,160 limit for that child.

### Line 20

Did you receive employer-provided adoption benefits for a prior year in connection with the adoption of the same child?

**No.** Enter -0- on line 20.

**Yes.** Use the following chart to find the amount to enter on line 20.

IF the last year you received benefits for was...	THEN enter on line 20 the total of the amounts from...
2002	Lines 20 and 24 of your 2002 Form 8839 for the child
2001	Lines 16 and 20 of your 2001 Form 8839 for the child
2000	Lines 16 and 20 of your 2000 Form 8839 for the child
1999	Lines 20 and 24 of your 1999 Form 8839 for the child
1998	Lines 18 and 22 of your 1998 Form 8839 for the child
1997	Line 15 of your 1997 Form 8839 for the child



**Special rules apply if the prior year benefits were received in connection with the adoption of a foreign child and the adoption became final in 2003. See **Exclusion of prior year benefits** in the instructions for line 1, column (e), that begin on page 2.**

# Line 26

Follow these steps before you fill in the line 26 worksheet below.

Step	Action						
1	Figure the amount you would enter on line 7 of Form 1040 or 1040A if you could exclude the total amount on Form 8839, line 23.						
2	If you received social security benefits, use <b>Pub. 915</b> , Social Security and Equivalent Railroad Retirement Benefits, to figure the taxable amount of your benefits.						
3	If you made contributions to a traditional IRA for 2003 and you were covered by a retirement plan at work or through self-employment, use <b>Pub. 590</b> , Individual Retirement Arrangements (IRAs) to figure your IRA deduction.						
4	If you file Form 1040, figure any amount to be entered on the dotted line next to line 33.						
5	Complete the following lines on your return if they apply: <table border="1" style="margin-left: 20px;"> <thead> <tr> <th>IF you file...</th> <th>THEN complete...</th> </tr> </thead> <tbody> <tr> <td>Form 1040</td> <td>Lines 8a, 8b, 9a, 10 through 13a, 14 through 21, 23, 24, and 27 through 32a</td> </tr> <tr> <td>Form 1040A</td> <td>Lines 8a, 8b, 9a, 10a, 11a through 14b, 16 and 17</td> </tr> </tbody> </table>	IF you file...	THEN complete...	Form 1040	Lines 8a, 8b, 9a, 10 through 13a, 14 through 21, 23, 24, and 27 through 32a	Form 1040A	Lines 8a, 8b, 9a, 10a, 11a through 14b, 16 and 17
IF you file...	THEN complete...						
Form 1040	Lines 8a, 8b, 9a, 10 through 13a, 14 through 21, 23, 24, and 27 through 32a						
Form 1040A	Lines 8a, 8b, 9a, 10a, 11a through 14b, 16 and 17						



For purposes of the adoption credit, your modified AGI may be different. If you are taking the credit, be sure to read the instructions for line 8 on page 4 before you enter an amount on that line.

**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 Internal Revenue Code section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is: **Recordkeeping**, 39 min.; **Learning about the law or the form**, 17 min.; **Preparing the form**, 2 hr., 25 min.; and **Copying, assembling, and sending the form to the IRS**, 34 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 Form 1040 or 1040A.

## Modified Adjusted Gross Income (AGI) Worksheet—Line 26 (keep for your records)

1. Enter the amount you would enter on line 7 of Form 1040 or 1040A if you could exclude the total amount on Form 8839, line 23 . . . . . **1.** \_\_\_\_\_
2. Enter the amount from Form 8839, line 23 . . . . . **2.** \_\_\_\_\_
3. **Form 1040 filers**, enter the total of lines 8a, 9a, 10 through 13a, 14, 15b, 16b, 17 through 19, 20b, and 21. **Form 1040A filers**, enter the total of lines 8a, 9a, 10a, 11b, 12b, 13, and 14b . . . . . **3.** \_\_\_\_\_
4. Add lines 1, 2, and 3 . . . . . **4.** \_\_\_\_\_
5. **Form 1040 filers**, enter the total of lines 23, 24, and 27 through 32a, plus any amount entered on the dotted line next to line 33. **Form 1040A filers**, enter the total of lines 16 and 17 . . . . . **5.** \_\_\_\_\_
6. Subtract line 5 from line 4 . . . . . **6.** \_\_\_\_\_

**Form 1040 filers**, increase the amount on line 6 above by the total of the following amounts. Enter the total on Form 8839, line 26.

- Any amount from **Form 2555**, lines 43 and 48; **Form 2555-EZ**, line 18; and **Form 4563**, line 15, and
- Any exclusion of income from Puerto Rico.

**Form 1040A filers**, enter on Form 8839, line 26, the amount from line 6 above.