



Module 2: FILING STATUS & DEPENDENCY

Special thanks to: Teresa Hinze and Brent Stewart for their contributions on this module.

By the end of this module you will...

- Understand who can be considered a dependent
- Understand how filing status and dependents affect tax returns



What is a Dependent?

What is a dependent?

- A person, other than the taxpayer or spouse, who entitles the taxpayer to claim a dependency exemption as defined by the IRS.
- For 2024, there is no deduction for dependent exemptions due to the higher Standard Deduction levels (since 2018), but claiming a dependent can affect other tax issues, such as filing status and some credits.
- Dependents must pass a number of different tests in order to qualify
- A dependent can be either a qualifying child or a qualifying relative



Who Qualifies as a Dependent?



Qualifying Child

Five tests must be met for a child to be a qualifying child.

1. Relationship:

- Your son, daughter, stepchild, foster child, or a descendant (for example, your grandchild) of any of them, or
- Your brother, sister, half brother, half sister, stepbrother, stepsister, or a descendant (for example, your niece or nephew) of any of them.

2. Age:

- Under age 19 at the end of the year and younger than you (or your spouse if filing jointly),
- A student under age 24 and **a full-time student for five months out of the year** at the end of the year and younger than you (or your spouse if filing jointly), or
- Permanently and totally disabled at any time during the year, regardless of age.

3. Residency:

- Must be U.S. citizen, U.S. resident alien, U.S. national, or a resident of Canada or Mexico.
- Must have lived with you for more than half the year.
- There are exceptions for temporary absences, children who were born or died during the year, kidnapped children, and children of divorced or separated parents.
- **Temporary absences:** Your child is considered to have lived with you during periods of time when one of you, or both, are temporarily absent due to special circumstances such as Illness, Education, Business, Vacation, Military service, or Detention in a juvenile facility.

4. Support:

- To meet this test, the child can't have provided more than half of their own support for the year.

5. Joint return:

- Can't file a joint return for the year.



Qualifying Relative

Four tests must be met for a person to be a qualifying relative.

1. Not a qualifying child:

- A child isn't your qualifying relative if the child is your qualifying child or the qualifying child of any other taxpayer.
 - If the qualifying relative has the qualifying child relation or parent, grandparent, aunt, uncle – then they need to live in your household half the year. Any other relative or non-related person must live in your household the entire year.

2. Member of household or relationship:

- A person must either:
 - Live with you all year as a member of your household, or
 - Be related to you in one of the ways listed under [Relatives who don't have to live with you](#).
 - If at any time during the year the person was your spouse, that person can't be your qualifying relative.

3. Gross income test:

- A person's gross income for the year must be less than \$5,500 (2024).
 - Gross income is all income in the form of money, property, and services that isn't exempt from tax.

4. Support test:

- The taxpayer generally must provide more than half of a person's total support during the calendar year.
 - If two or more persons provide support, but no one person provides more than half of a person's total support, see [Multiple Support Agreement](#).

Who is a Dependent?

IF the person is your...	AND...	THEN that person is...
qualifying child (such as a son, daughter, or grandchild who lived with you more than half the year and meets certain other tests) ²	he or she is single	a qualifying person, whether or not the child meets the Citizen or Resident Test ⁷ .
	he or she is married <u>and</u> you can claim him or her as a dependent	a qualifying person.
	he or she is married <u>and</u> you can't claim him or her as a dependent	not a qualifying person ³ .
qualifying relative ⁴ who is your father or mother	you can claim him or her as a dependent ⁵	a qualifying person ⁶ .
	you can't claim him or her as a dependent	not a qualifying person.
qualifying relative ⁴ other than your father or mother.	he or she lived with you more than half the year, <u>and</u> you can claim him or her as a dependent, <u>and</u> is one of the following: son, daughter, stepchild, foster child, or a descendant of any of them; your brother, sister, half brother, half sister or a son or daughter of any of them; an ancestor or sibling of your father or mother; or stepbrother, stepsister, stepfather, stepmother, son-in-law, daughter-in-law, father-in-law, mother-in-law, brother-in-law or sister-in-law ⁵	a qualifying person.
	he or she didn't live with you more than half the year	not a qualifying person.
	he or she isn't related to you in one of the ways listed above <u>and</u> is your qualifying relative only because he or she lived with you all year as a member of your household (for example, a companion or a friend)	not a qualifying person.
	you can't claim him or her as a dependent	not a qualifying person.



Impact of Dependents on a Tax Return

Impact of Dependents on Tax Return

- Here are some of the potential benefits for each dependent:
 - Child Tax Credit (up to \$2,000 per child under the age of 17 for TY 2024)
 - Education Credit (up to \$2,500 – American Opportunity Credit)
 - Head of Household Filing Status (\$21,900 standard deduction)
 - Versus the alternative of filing Single or MFS (\$14,600)



Re-Cap

Re-Cap of Dependents

- To be a dependent, the person must be the taxpayer's qualifying child or qualifying relative.

▪ **Quality Child Tests:**

- Relationship
- Age
- Residency
- Support
- Joint Return

▪ **Quality Relative Tests:**

- Qualifying Child
- Household Membership or Relationship Test
- Gross Income
- Support



Filing Status

Filing Status

- Each tax return must indicate one of five filing statuses for the tax filer(s):
 - Single
 - Married Filing Jointly (MFJ)
 - Check out if they're living together or apart at the end of the year
 - Married Filing Separately (MFS)
 - Head of Household (HOH)
 - Qualifying Surviving Spouse (QSS)
- **Note:** For the last two filing status (HOH, QSS) you will need to address Dependency before addressing filing status. They are interlinked.
- **Note:** Any filing status where someone else (a parent) can claim the taxpayer as a dependent has a different filing threshold (minimum income requiring dependent to file a return)



Filing Status: Impact on the tax return

- The filing status determines the amount of the standard deduction, as well as other aspects of the tax return.
- For tax year 2024 returns, the standard deduction for each filing status is as follows: (these increase for 65+ and/or Blind taxpayers)
 - Single & MFS: \$14,600
 - MFJ and Qualifying Surviving Spouse: \$29,200
 - Head of Household: \$21,900

NOTE: Refer to Module 5 (Deductions) to learn how the standard deduction impacts the tax return.

- Other impacts on the return:
 - Filing Threshold
 - Exclusion of Tax Credits and Adjustments for MFS status
 - Allowance for full Standard Deduction for MFS status



Determining Filing Status

Filing Status: Single

Taxpayers may file as **Single** if they are unmarried on the last day of the calendar year. Unmarried means:

1. **Never been married,**
2. **Divorced,**
3. **Legally Separated (with a court decree), or**
4. **Surviving Spouse (where they do not meet the Qualifying Surviving Spouse filing status criteria).**

Single Qualifications

EXAMPLE:

Scott's divorce was finalized on December 30th, 2024 and he has no dependents. What would his filing status be for tax year 2024?

ANSWER:

Scott's filing status is **Single***, because he was considered divorced on the last day of the calendar year.

EXAMPLE:

Scott's divorce is finalized on January 1, 2025 and he has no dependents. What would his filing status be for tax year 2024?

ANSWER:

Scott's filing status is **Married Filing Jointly or Married Filing Separately,*** depending on what he and his ex-spouse decide, because he was still legally married at the end of the tax year.

**Scott could also qualify for "Head of Household" if he has a qualifying person.*



Married Filing Jointly Qualifications (MFJ)

- If two taxpayers are married, they can file a joint return for that year or file separately.
- The IRS encourages couples to file jointly through a higher standard deduction, and higher income thresholds for certain taxes and deductions which should result in a lower tax bill or higher refund.
- Certain credits and deductions can't be claimed when using the MFS status.
- When filing a joint return, both spouses are held liable for the tax and interest penalty regardless of whose income contributed to the liability.
- If one spouse's debts are causing the joint refund to be offset, the other spouse may be able to file the Injured Spouse form to obtain part of the refund. The federal innocent spouse relief does not protect state refunds.
- Due to state tax rates, or certain other tax situations, taxpayers may find it lowers their combined federal and state taxes by filing separately.

- **NOTE 1:** The tax code considers a couple **married** for filing purposes until they get a **final decree of divorce** or **separate maintenance**.
- **NOTE 2:** Taxpayers may be in a common-law marriage (according to the laws in the state where the marriage began), can file MFJ. (Common law marriages can only be dissolved through legal divorce procedures.)



Examples: If a Spouse were to die

The examples assume: the married couple lived together, did not have any children or grandchildren living with them, and that the surviving spouse never remarried.

What Filing Status will be used for Tax Year (TY) 2023 and in future?

EXAMPLE: Spouse dies 12/15/24

ANSWER:

TY 2024: Taxpayers whose spouses died during the tax year are considered married for the entire year. The surviving spouse can elect **MFJ**.

TY 2025 & Future: Single

EXAMPLE: Spouse dies 01/26/25

ANSWER:

TY 2024: The couple were both **alive and married on the last day of the year**, they can elect **MFJ**.

TY 2025: Taxpayers whose spouses died during the tax year **are considered married for the entire year**. The surviving spouse can elect **MFJ**.

TY 2026 & Future: Single



Married Filing Separately Qualifications (MFS)

- A married couple can choose to each file a separate return, which can be beneficial if it results in less tax owed.
- There are special rules pertaining to married couples who choose to file separate returns:
 - **Higher tax rate** than MFJ
 - **NO** credit for child and dependent care expenses
 - **NO** Earned Income Tax Credit (**unless** the taxpayer meets the requirements to be **considered unmarried**).
 - **NO** Higher Education Credits (American Opportunity, Lifetime Learning)
 - **NO** exclusion or credit for adoption expenses (unless the taxpayer meets the requirements to be considered unmarried)
 - **NO** Student Loan Interest Deduction
 - **NO** exclusion for interest income from qualified U.S. savings bonds used for higher education expenses
 - If the taxpayer and spouse lived together at any time in the year, 85% of Social Security Income is taxed
 - The **MFS filing threshold is \$5 of gross income**.
 - If one spouse elects to use itemized deductions, both must itemize!

Generally, the tax law encourages married couples to file a joint return

Filing Status: Head of Household

A taxpayer may file as **Head of Household** if on the last day of the calendar year they are:

1. Unmarried (or "considered unmarried"),

AND

2. Provided more than half of the "cost of maintaining the household" for themselves and a qualifying person who must live in the same household (e.g. not just sharing child support costs)

Taxpayers must meet all three tests to elect the Head of Household filing status:

- ✓ Marital status
- ✓ Housing
- ✓ Qualifying person

Generally...not married, paying the bills, taking care of another person

Head of Household Qualification Criteria

▪ **Housing:**

- The taxpayer paid **more than half of the cost of maintaining the home for the year**
 - Only includes home expenses such as: rent, fair market rental value of the home (or mortgage interest, real estate taxes and insurance on the home), repairs, utilities, and groceries.

▪ **Qualifying person (a child or relative):**

- **Must** have lived in the taxpayer's home for **more than half the year** (at least 183 days).
- A dependent parent does not have to reside with the taxpayer.

▪ **Marital status:**

- The taxpayer is **unmarried, legally separated** under a separate maintenance decree on the last day of the year, **OR divorced** under a final decree on or before December 31.
- A married taxpayer can **ONLY** claim Head of Household IF they:
 1. **Did not live with their spouse for the last 6 months of the year;** and
 2. Meet the other two criteria (above), and in this case **the qualifying person can only be the taxpayer's dependent child, stepchild or eligible foster child.**

Examples for Head of Household

EXAMPLE:

Jeremy is divorced and paid for 100% of the cost for keeping up his home for the year. His son lives with him and he is the primary care giver for his minor child. What is his filing status?

ANSWER:

Head of Household, because he meets all the requirements necessary.

EXAMPLE:

Jeremy is divorced and paid for 100% of the cost for keeping up his home for the year. His minor child lived in the house for three months in the summer. What is his filing status?

ANSWER:

Single, he does not meet the Head of Household qualifications because his son did not live with him for more than half the year.

Qualifying Surviving Spouse With Dependent Child

For the **two tax years AFTER** a spouse has died, a surviving spouse with children may file using this status.

Qualifications:

- Taxpayers whose spouses died during the tax year are considered married for the entire year. The surviving spouse can elect to file either **MFJ** or **MFS**.
- For tax year **2024**, the spouse must have died in **2022** or **2023** and the surviving spouse must not have remarried before the end of 2024.
- A surviving spouse has a child or stepchild (**NOT** a foster child, grandchild or other relative) that lived with the taxpayer and can be claimed as a dependent, or could claim as a dependent for 2024 except:
 - The child had gross income of more than \$5,500,
 - The child filed a joint return, or
 - The surviving spouse and child must have lived in the surviving spouse's home all year, **rather than the half year typical of dependency**
 - The surviving spouse could be claimed as a dependent on someone else's return
- The surviving spouse paid more than half the cost of keeping up the home for the year for the surviving spouse and the child.



Impact on the Tax Return

Impact of Filing Status on Tax Return

Filing status can impact a tax return in different ways:

- Single: Impacts the tax brackets and the Standard Deduction
- MFJ: Allows for both spouses to report their combined income and provides a Standard Deduction and tax bracket limits two times the amount of the Single filer.
- MFS: Each spouse can file separately, but that puts them in different (generally higher) tax brackets than MFJ or filing Single. Also disqualifies the taxpayer for several tax credits and taxation of Social Security income. Filers cannot file Single if they do not qualify as unmarried.
- Head of Household: Filing as head of household offers a different tax bracket and higher standard deduction than single filing status. Offers a lower tax bracket too at the 10% and 12% level.
- Qualifying Surviving Spouse with dependent child: Using this filing status offers the MFJ tax bracket and standard deduction.



Re-Cap



Re-Cap

- There are five filing statuses and taxpayers must indicate one filing status on the return:
 - Single
 - Married Filing Jointly (MFJ)
 - Married Filing Separate (MFS)
 - Head of Household
 - Qualifying Surviving Spouse with dependent child

- Some taxpayers will file who are a Dependent of another taxpayer – there's a unique formula for Filing Threshold, Standard Deduction and other tax credits.

- Filing status depends on marital status, dependents that can be claimed by the taxpayer, and the taxpayer's living situation.

- Filing status impacts many aspects of the tax return, including the tax bracket, standard deduction, and eligibility of other credits.

- HELP is available by using the IRS Interactive Tax Assistant "What is My Filing Status?" <https://www.irs.gov/help/ita/what-is-my-filing-status>

Knowledge Check

Additional Resources:

- [Filing statuses](#)
- [Qualifying dependents and status qualifications](#)
- [What is a dependent](#)
- [Costs of keeping up a home](#)
- [Publication 4012, Volunteer Resource Guide](#)
- [Publication 501, Exemptions, Standard Deduction, and Filing Information](#)

Up Next...
Module 3: Income