

2007 Instructions for Form 8839, Qualified Adoption Expenses

Purpose: This is the first circulated draft of the 2007 Instructions for Form 8839 for your review and comments. See below for a discussion of major changes.

TPCC Meeting: None, but one may be arranged if requested.

Prior Version: The 2006 Instructions for Form 8839 is available at:
<http://www.irs.gov/pub/irs-pdf/i8839.pdf>

Form: The 2007 Form 8839 was circulated earlier at:
http://taxforms.web.irs.gov/Products/Drafts/2007-2/07f8839_d1.pdf

Other Products: Circulations of draft forms, instructions, notices, and publications are posted at:
http://taxforms.web.irs.gov/draft_products.html

Comments: Please email, fax, call, or mail me and Karl Blake karl.d.blake@irs.gov, (Reviewer) with any comments by **July 9, 2007**.

Shirley A.E. White - TLS
Tax Forms & Publications Rm. 6423
SE:W:CAR:MP:T:I:F
Email: shirley.a.white@irs.gov
(202) 622-3147 Phone
(202-927-6234 Fax)

Description of Major Changes for 2007 Instructions for Form 8839, Qualified Adoption Expenses

General Changes: Years were updated to reflect 2006 and 2007, as appropriate.

Page 1

- Text was added to list item #2 (concerning adoption of a child with special needs) under "Adoption credit" to clarify the application of IRC 23(a)(3).

Page 2

- Modified adjusted gross income that phases out the credit or exclusion was updated to \$210,820.
(Rev. Proc. 2006-53)
- Column (d) text was added to clarify the application of IRC 23(a)(3).

Page 3

- Maximum adoption benefit exclusion amount increased to \$11,390.
(Rev. Proc. 2006-53)

Page 4

- The maximum adoption credit increased to \$11,390. (Rev. Proc. 2006-53)

- Line 5 instructions were expanded to clarify the application of IRC 23(a)(3) and to add a paragraph and example on unsuccessful adoption as requested by Chief Counsel to clarify the application of IRC(a)(2)(A) to unsuccessful adoptions.

Page 6

- In the step/action chart and on line 5 of the worksheet, references to line 34 of Form 1040 were deleted. Line 34 is tuition and fees deduction on the Form 1040 WRN for 2007 and not part of calculation.
IRC 137(b)(3)(A)

The type and rule above prints on all proofs including departmental reproduction proofs. MUST be removed before printing.

2007



Department of the Treasury
Internal Revenue Service

Instructions for Form 8839

Qualified Adoption Expenses

General Instructions

Purpose of Form

Use Form 8839 to figure the amount of your adoption credit and any employer-provided adoption benefits you can exclude from your income. You can claim both the credit and the exclusion for expenses of adopting an eligible child. But, you cannot claim both for the same expenses.

Adoption credit. Use Form 8839, Part II, to figure the amount of adoption credit you can take on Form 1040, line 54, or Form 1040NR, line 49. You may be able to take this credit if any of the following statements are true.

1. You paid qualified adoption expenses in:
 - a. 2006 and the adoption was not final at the end of 2006, or
 - b. 2007 and the adoption became final in or before 2007.
2. You adopted a child with special needs and the adoption became final in 2007. (In this case, you may be able to take the credit even if you did not pay any qualified adoption expenses.)
3. You paid expenses after 1996 in connection with the adoption of an eligible foreign child and the adoption became final in 2007. See the instructions for line 1, column (e), that begin on page 2.
4. You have a carryforward of an adoption credit from a prior year.

Income exclusion for employer-provided adoption benefits. Use Form 8839, Part III, to figure the amount of employer-provided adoption benefits you can exclude from your income on Form 1040, line 7, or Form 1040NR, line 8. You may be able to exclude these benefits from income if your employer had a qualified adoption assistance program (see *Employer-Provided Adoption Benefits* on this page) and any of the following statements are true.

- You received employer-provided adoption benefits in 2007. 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 2007.
- You received employer-provided adoption benefits after 1996 in connection with the adoption of an eligible foreign child and the adoption became final in 2007. See the instructions for line 1, column (e), that begin on page 2.

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



CAUTION You cannot exclude employer-provided adoption benefits if your employer is an S corporation in which you own more than 2% of the stock or stock with more than 2% of the voting power.

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.



CAUTION 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 (or line 19 if applicable) on page 4 before completing Part II (or Part III).

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, and
- Re-adoption expenses relating to the adoption of a foreign child.

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.

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. 15-B, Employer's Tax Guide to Fringe Benefits.

Employer-provided adoption benefits should be shown in box 12 of your Form(s) W-2 with 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 2007.

The type and rule above prints on all proofs including departmental reproduction proofs. **MUST** be removed before printing.

- Your employer had a qualified adoption assistance program as described on page 1.

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 statements are true.

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 \$210,820 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 6 (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 all of the following apply.

- You meet items (2) and (3) under *Who Can Take the Adoption Credit or Exclude Employer-Provided Adoption Benefits* above.
- You lived apart from your spouse during the last 6 months of 2007.
- The eligible child lived in your home more than half of 2007.
- You provided over half the cost of keeping up your home.

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 about an eligible child you tried to adopt in 2006 because the adoption was either unsuccessful or was not final by the end of 2007, complete the entries that 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.

Example. You planned to adopt one child. You had one unsuccessful attempt to adopt a child and later successfully adopted a different child. Complete only the "Child 1" line because you made more than one attempt to adopt one eligible child.



If you filed Form 8839 for a prior year in connection with this adoption, enter your 2007 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)

A child is disabled if the child is physically or mentally unable to take care of himself or herself.

Column (d)

A child is a child with special needs if all three of the following statements are true.

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

You may be able to claim a credit or exclusion for the adoption of a child with special needs even if you did not have any qualified adoption expenses. See line 24 and the instructions for line 5.



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

Column (e)

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 2007, you can 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 can divide it in any way you both agree.

The type and rule above prints on all proofs including departmental reproduction proofs. MUST be removed before printing.

**Exclusion of Prior Year Benefits Worksheet
(for the adoption of a foreign child that became final in 2007)**

Keep for Your Records



1. Did you receive employer-provided adoption benefits before 2002 for the adoption of the foreign child?
 - No.** Skip lines 1 and 2; enter -0- on line 3 and go to line 4.
 - Yes.** 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 below **2.** _____
3. Enter the **smaller** of line 1 or line 2 **3.** _____
4. Enter the total **2002 through 2007** employer-provided adoption benefits you received for the adoption of the foreign child **4.** _____
5. Add lines 3 and 4 **5.** _____
6. Enter **\$11,390**. If you and another person (other than your spouse if filing jointly) each received employer-provided adoption benefits in 2002 through 2007 to adopt the same child, see instructions below. **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 -0- 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 2007**. On the dotted line next to line 22, enter "PYAB" and the total amount of benefits you received in **1997 through 2006**.
 - Complete Form 8839 through line 30. Then, complete lines 8 through 13 below to figure the amount of any prior year benefits you can exclude and the taxable benefits, if any, to enter on Form 8839, line 31.
8. Is the amount on your 2007 Form 8839, line 30, less than the amount on Form 8839, line 23?
 - No.** Skip lines 8 through 10 and go to line 11.
 - Yes.** Subtract line 30 from line 23 **8.** _____
 9. Enter the total **1997 through 2006** 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 line 8 of Form 1040NR, and enter "AB" on the dotted line **10.** _____
 11. Enter the amount from Form 8839, line 30 **11.** _____
 12. Enter the total **2007** 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 line 8 of Form 1040NR **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 line 8 of Form 1040NR. On the dotted line next to the line for wages, enter "PYAB" and the amount from line 13 above.

Worksheet Instructions

Line 2. The maximum amount of employer-provided adoption benefits received after 1996 and before 2002 that can be excluded from income is \$5,000 per child. 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 can divide it in any way you both agree. Enter your share of the \$5,000 limit on line 2 of the worksheet above.

Line 6. The maximum amount of employer-provided adoption benefits that can be excluded from income is \$11,390 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 \$11,390 limit must be divided between the two of you. You can divide it in any way you both agree. Enter your share of the \$11,390 limit on line 6 of the worksheet above.

The type and rule above prints on all proofs including departmental reproduction proofs. **MUST** be removed before printing.

If the adoption did not become final by the end of 2007, you cannot take the adoption credit for that child in 2007. If the adoption becomes final in a later year, you may be able to take a credit for the expenses in that year.

To find out when a foreign adoption is treated as final, see Rev. Proc. 2005-31, 2005-26 I.R.B. 1374, available at www.irs.gov/irb/2005-26_IRB/ar01.html.

If you received employer-provided adoption benefits in 2007 in connection with the adoption of a foreign child and the adoption did not become final by the end of 2007, you must include the benefits in the total entered on Form 1040, line 7, or Form 1040NR, line 8. Also, enter "AB" (adoption benefits) next to Form 1040, line 7, or Form 1040NR, line 8. 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 2007, you may be able to exclude part or all of those benefits from your 2007 income. To find out if you can, complete the worksheet on page 3. You also must use the worksheet to complete Form 8839, Part III, 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 2007, 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.

Column (f)

Enter the child's identifying number. This can 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 \$11,390 per child. If you and another person (other than your spouse if jointly) each paid qualified adoption expenses to adopt the same child, the \$11,390 limit must be divided between the two of you. You can 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 \$11,390 limit for that child.

Line 3

If you filed Form 8839 in any year from 1998 through 2006, 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), on page 2 for details.**

Enter on line 5 the total qualified adoption expenses (as defined on page 1) you paid in:

- 2006 if the adoption was not final by the end of 2007.
- 2006 and 2007 if the adoption became final in 2007.
- 2007 if the adoption became final before 2007.

Special needs adoption. If you adopted a child with special needs and the adoption became final in 2007, enter \$11,390 on line 5, even if your qualified adoption expenses were less than \$11,390 (and even if you did not have any qualified adoption expenses).

Unsuccessful adoption. If you paid qualified adoption expenses in an attempt to adopt a child and the attempt was unsuccessful, treat those expenses in the same manner as expenses for adoptions not final by the end of the year.

Example. You paid \$3,000 of qualifying adoption expenses in 2006 in an attempt to adopt a child. You paid \$2,000 in qualified adoption expenses early in 2007. However, the adoption attempt is unsuccessful. You would enter \$3,000 on line 5. The \$2,000 paid in 2007 may qualify in 2008.

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 38, increased by the total of any: <ul style="list-style-type: none"> • Exclusion of income from Puerto Rico and • Amounts from— <ul style="list-style-type: none"> • Form 2555, lines 45 and 50. • Form 2555-EZ, line 18. • Form 4563, line 15.
Form 1040NR	Form 1040NR, line 36.

Line 18—Credit Carryforward to 2008

If Form 8839, line 17, 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 on page 5 to figure the amount of your credit carryforward. If you have any unused credit to carry forward to 2008, be sure you keep the worksheet. You will need it to figure your credit for 2008.

Part III—Employer-Provided Adoption Benefits

Line 19

The maximum amount that can be excluded from income for employer-provided adoption benefits is \$11,390 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 \$11,390 limit must be divided between the two of you. You can 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 \$11,390 limit for that child.

The type and rule above prints on all proofs including departmental reproduction proofs. **MUST** be removed before printing.

Credit Carryforward Worksheet — Line 18

Keep for Your Records



1. Enter the amount from Form 8839, line 12 **1.** _____
 Did you use the **Credit Carryforward Worksheet** in the **2006** 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 2002 credit carryforward (line 12 of your 2006 worksheet) **2.** _____
3. Enter any 2003 credit carryforward (line 14 of your 2006 worksheet) **3.** _____
4. Enter any 2004 credit carryforward (line 16 of your 2006 worksheet) **4.** _____
5. Enter any 2005 credit carryforward (line 18 of your 2006 worksheet) **5.** _____
6. Enter any 2006 credit carryforward (line 20 of your 2006 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. Enter the amount from line 9 on lines 20 and 23 below; skip all the other lines.
 Yes. Continue 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. **2003 credit carryforward to 2008.** 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. **2004 credit carryforward to 2008.** 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. **2005 credit carryforward to 2008.** 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. **2006 credit carryforward to 2008.** Subtract line 17 from line 6. If zero or less, enter -0- **18.** _____
19. Add lines 10, 12, 14, 16, and 18 **19.** _____
20. **2007 credit carryforward to 2008.** 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 2008.** Subtract line 22 from line 21 **23.** _____

Line 20

Use the chart below to find the amount to enter on line 20.

IF the last year you filed Form 8839 for the child was...	THEN enter on line 20 the total of the amounts for the child from that Form 8839...
1999, 2002, 2003, 2004, 2005, or 2006	Lines 20 and 24
2000 or 2001	Lines 16 and 20
1998	Lines 18 and 22
1997	Line 15



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 2007. See Exclusion of prior year benefits on page 4.

Line 26

Follow these steps before you fill in the line 26 worksheet on page 6.

The type and rule above prints on all proofs including departmental reproduction proofs. MUST be removed before printing.


Step	Action						
1	Figure the amount you would enter on line 7 of Form 1040 or line 8 of Form 1040NR if you could exclude the total amount on Form 8839, line 23.						
2	If you received social security benefits, use Pub. 915, 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 2007 and you were covered by a retirement plan at work or through self-employment, use Pub. 590, Individual Retirement Arrangements (IRAs), to figure your IRA deduction.						
4	If you file Form 1040 or Form 1040NR, figure any write-in adjustments to be entered on the dotted line next to line 36 of Form 1040 or line 34 of Form 1040NR.						
5	Complete the following lines on your return if they apply: <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%;">IF you file...</th> <th style="width: 50%;">THEN complete...</th> </tr> </thead> <tbody> <tr> <td>Form 1040</td> <td>Lines 8a through 21, and 23 through 32</td> </tr> <tr> <td>Form 1040NR</td> <td>Lines 9a through 21 and 24 through 31</td> </tr> </tbody> </table>	IF you file...	THEN complete...	Form 1040	Lines 8a through 21, and 23 through 32	Form 1040NR	Lines 9a through 21 and 24 through 31
IF you file...	THEN complete...						
Form 1040	Lines 8a through 21, and 23 through 32						
Form 1040NR	Lines 9a through 21 and 24 through 31						

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 average time and expenses required to complete and file this form will vary depending on individual circumstances. For the estimated averages, see the instructions for your income tax return.

If you have suggestions for making this form simpler, we would be happy to hear from you. See the instructions for your income tax return.

 For purposes of the adoption credit, your modified adjusted gross income 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.

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 line 8 of Form 1040NR 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 14, 15b, 16b, 17 through 19, 20b, and 21. **Form 1040NR filers**, enter the total of lines 9a, 10a, 11 through 15, 16b, 17b, and 18 through 21 **3.** _____
4. Add lines 1, 2, and 3 **4.** _____
5. **Form 1040 filers**, enter the total of lines 23 through 32, and any write-in adjustments entered on the dotted line next to line 36. **Form 1040NR filers**, enter the total of lines 24 through 31, and any write-in adjustments entered on the dotted line next to line 34. **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 45 and 50, **Form 2555-EZ**, line 18, and **Form 4563**, line 15, and
- Any exclusion of income from Puerto Rico.

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