

Parents' Election To Report Child's Interest and Dividends

▶ Information about Form 8814 and its instructions is at www.irs.gov/form8814.
 ▶ Attach to parents' Form 1040 or Form 1040NR.

Name(s) shown on your return	Your social security number
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Caution. The federal income tax on your child's income, including qualified dividends and capital gain distributions, may be less if you file a separate tax return for the child instead of making this election. This is because you cannot take certain tax benefits that your child could take on his or her own return. For details, see **Tax benefits you cannot take** in the instructions.

A Child's name (first, initial, and last)	B Child's social security number
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C If more than one Form 8814 is attached, check here ▶

Part I Child's Interest and Dividends To Report on Your Return

1a Enter your child's taxable interest. If this amount is different from the amounts shown on the child's Forms 1099-INT and 1099-OID, see the instructions	1a		
b Enter your child's tax-exempt interest. Do not include this amount on line 1a	1b		
2a Enter your child's ordinary dividends, including any Alaska Permanent Fund dividends. If your child received any ordinary dividends as a nominee, see the instructions	2a		
b Enter your child's qualified dividends included on line 2a. See the instructions	2b		
3 Enter your child's capital gain distributions. If your child received any capital gain distributions as a nominee, see the instructions	3		
4 Add lines 1a, 2a, and 3. If the total is \$1,900 or less, skip lines 5 through 12 and go to line 13. If the total is \$9,500 or more, do not file this form. Your child must file his or her own return to report the income	4		
5 Base amount	5		
6 Subtract line 5 from line 4	6		
If both lines 2b and 3 are zero or blank, skip lines 7 through 10, enter -0- on line 11, and go to line 12. Otherwise, go to line 7.			
7 Divide line 2b by line 4. Enter the result as a decimal (rounded to at least three places)	7		
8 Divide line 3 by line 4. Enter the result as a decimal (rounded to at least three places)	8		
9 Multiply line 6 by line 7. Enter the result here. See the instructions for where to report this amount on your return	9		
10 Multiply line 6 by line 8. Enter the result here. See the instructions for where to report this amount on your return	10		
11 Add lines 9 and 10	11		
12 Subtract line 11 from line 6. Include this amount in the total on Form 1040, line 21, or Form 1040NR, line 21. In the space next to line 21, enter "Form 8814" and show the amount. If you checked the box on line C above, see the instructions. Go to line 13 below	12		

Part II Tax on the First \$1,900 of Child's Interest and Dividends

13 Amount not taxed	13		
14 Subtract line 13 from line 4. If the result is zero or less, enter -0-	14		
15 Tax. Is the amount on line 14 less than \$950? <input type="checkbox"/> No. Enter \$95 here and see the Note below. <input type="checkbox"/> Yes. Multiply line 14 by 10% (.10). Enter the result here and see the Note below. }	15		

Note. If you checked the box on line C above, see the instructions. Otherwise, include the amount from line 15 in the tax you enter on Form 1040, line 44, or Form 1040NR, line 42. Be sure to check box **a** on Form 1040, line 44, or Form 1040NR, line 42.

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General Instructions

Future developments. For the latest information about developments related to Form 8814 and its instructions, such as legislation enacted after they were published, go to www.irs.gov/form8814.

Purpose of Form

Use this form if you elect to report your child's income on your return. If you do, your child will not have to file a return. You can make this election if your child meets all of the following conditions.

- The child was under age 19 (or under age 24 if a full-time student) at the end of 2012. "Student" is defined below.
- The child's only income was from interest and dividends, including capital gain distributions and Alaska Permanent Fund dividends.
- The child's gross income for 2012 was less than \$9,500.
- The child is required to file a 2012 return.
- The child does not file a joint return for 2012.
- There were no estimated tax payments for the child for 2012 (including any overpayment of tax from his or her 2011 return applied to 2012 estimated tax).

- There was no federal income tax withheld from the child's income.

You must also qualify. See *Parents who qualify to make the election* below.

Student. A student is a child who for some part of each of 5 calendar months during the year was enrolled as a full-time student at a school, or took a full-time, on-farm training course given by a school or a state, county, or local government agency. A school includes a technical, trade, or mechanical school. It does not include an on-the-job training course, correspondence school, or school offering courses only through the Internet.

Certain January 1 birthdays. A child born on January 1, 1994, is considered to be age 19 at the end of 2012. You cannot make this election for such a child unless the child was a full-time student.

A child born on January 1, 1989, is considered to be age 24 at the end of 2012. You cannot make this election for such a child.

How to make the election. To make the election, complete and attach Form(s) 8814 to your tax return and file your return by the due date (including extensions). A separate Form 8814 must be filed for each child whose income you choose to report.

Parents who qualify to make the election. You qualify to make this election if you file Form 1040 or Form 1040NR and any of the following apply.

- You are filing a joint return for 2012 with the child's other parent.
- You and the child's other parent were married to each other but file separate returns for 2012 and you had the higher taxable income.

You were unmarried, treated as unmarried for federal income tax purposes, or separated from the child's other parent by a divorce or separate maintenance decree. The child must have lived with you for most of the year (you were the custodial parent). If you were the custodial parent and you remarried, you can make the election on a joint return with your new spouse. But if you and your new spouse do not file a joint return, you qualify to make the election only if you had higher taxable income than your new spouse.

Note. If you and the child's other parent were not married but lived together during the year with the child, you qualify to make the election only if you are the parent with the higher taxable income.

Tax benefits you cannot take. If you elect to report your child's income on your return, you cannot take certain deductions that your child could take on his or her own return such as:

- Additional standard deduction of \$1,450 if the child is blind,
- Penalty on early withdrawal of child's savings, and
- Itemized deductions such as the child's investment expenses or charitable contributions.

If your child received qualified dividends or capital gain distributions, you may pay up to \$95 more tax if you make this election instead of filing a separate tax return for the child. This is because the tax rate on the child's income between \$950 and \$1,900 is 10% if you make this election. However, if you file a separate return for the child, the tax rate may be as low as 0% (zero percent) because of the preferential tax rates for qualified dividends and capital gain distributions.

If any of the above apply to your child, first figure the tax on your child's income as if he or she is filing a return. Next, figure the tax as if you are electing to report your child's income on your return. Then, compare the methods to determine which results in the lower tax.

Alternative minimum tax. If your child received tax-exempt interest (or exempt-interest dividends paid by a regulated investment company) from certain private activity bonds, you must take this into account in determining if you owe the alternative minimum tax. This type of interest should be shown in box 9 of Form 1099-INT. See Form 6251, *Alternative Minimum Tax—Individuals*, and its instructions for details.

Investment interest expense. Your child's income (other than qualified dividends, Alaska Permanent Fund dividends, and capital gain distributions) that you report on your return is considered to be your investment income for purposes of figuring your investment interest expense deduction. If your child received qualified dividends, Alaska Permanent Fund dividends, or capital gain distributions, see Pub. 550, *Investment Income and Expenses*, to figure the amount you can treat as your investment income.

Foreign accounts and trusts. You **must** complete Schedule B (Form 1040), Part III, and file it with your tax return if your child:

1. Had a foreign financial account, or
2. Received a distribution from, or was the grantor of, or transferor to, a foreign trust.

Enter "Form 8814" on the dotted line next to line 7a or line 8, whichever applies. Complete line 7b if applicable.

Note. If you file Form 8814 with your income tax return to report your child's foreign financial account, you have an interest in the assets from that account and may be required to file Form 8938, *Statement of Specified Foreign Financial Assets*. Check www.irs.gov/form8938 for details.

Change of address. If your child filed a return for a previous year and the address shown on the last return filed is not your child's current address, be sure to notify the IRS, in writing, of the new address. To do this, use Form 8822, *Change of Address*.

Additional information. See Pub. 929, *Tax Rules for Children and Dependents*, for more details.

Line Instructions

Name and social security number. If you are filing a joint return, enter both names but enter the social security number of the person whose name is shown first on the return.

Line 1a. Enter all taxable interest income your child received in 2012. Do not include tax-exempt interest in the total for line 1a, but be sure to include it on line 1b.

If your child received, as a nominee, interest that actually belongs to another person, enter the amount and "ND" (nominee distribution) on the dotted line next to line 1a. Do not include amounts received as a nominee in the total for line 1a.

If your child had accrued interest that was paid to the seller of a bond, amortizable bond premium (ABP) allowed as a reduction to interest income, or if any original issue discount (OID) is less than the amount shown on your child's Form 1099-OID, enter the nontaxable amount on the dotted line next to line 1a and "Accrued interest," "ABP adjustment," or "OID adjustment," whichever applies. Do not include any nontaxable amounts in the total for line 1a.

Line 1b. If your child received any tax-exempt interest income, such as from certain state and municipal bonds, report it on line 1b. Tax-exempt interest, including any exempt-interest dividends your child received as a shareholder in a mutual fund or other regulated investment company, should be shown in box 8 of Form 1099-INT.

Note. If line 1b includes tax-exempt interest or exempt-interest dividends paid by a regulated investment company from private activity bonds, see *Alternative minimum tax*, earlier.

Line 2a. Enter the ordinary dividends your child received in 2012. Ordinary dividends should be shown in box 1a of Form 1099-DIV. Also include ordinary dividends your child received through a partnership, an S corporation, or an estate or trust.

If your child received, as a nominee, ordinary dividends that actually belong to another person, enter the amount and "ND" on the dotted line next to line 2a. Do not include amounts received as a nominee in the total for line 2a.

Line 2b. Enter all qualified dividends your child received in 2012. Qualified dividends are the ordinary dividends that are eligible for the same lower tax rate as a net capital gain. Qualified dividends should be shown in box 1b of Form 1099-DIV.

Line 3. Enter the capital gain distributions your child received in 2012. Capital gain distributions should be shown in box 2a of Form 1099-DIV.

If your child received, as a nominee, capital gain distributions that actually belong to another person, enter the amount and "ND" on the dotted line next to line 3. Do not include amounts received as a nominee in the total for line 3.

Line 9. Include this amount on Form 1040, lines 9a and 9b, or Form 1040NR, lines 10a and 10b. Enter "Form 8814" and this amount on the dotted line next to those lines **unless** you file Schedule B (Form 1040).

If you file Schedule B, include this amount on line 5, and identify it as from "Form 8814." Complete Schedule B as instructed. Also include this amount on Form 1040, line 9b, or Form 1040NR, line 10b.

You must file Schedule B if this amount plus the parents' dividends is more than \$1,500.

Line 10. Include this amount on Schedule D (Form 1040), line 13; Form 1040, line 13; or Form 1040NR, line 14. Enter "Form 8814" and this amount on the dotted line next to line 13 of Schedule D or in the space to the left of line 13 of Form 1040 or line 14 of Form 1040NR.

If any of the child's capital gain distributions were reported on Form 1099-DIV as unrecaptured section 1250 gain, section 1202 gain, or collectibles (28%) gain, see Pub. 929 for details on the amount to report on Schedule D.

Line 12. If you checked the box on line C, add the amounts from line 12 of all your Forms 8814. Include the result on Form 1040, line 21, or Form 1040NR, line 21, whichever applies. Enter "Form 8814" and the total of the line 12 amounts on the dotted line next to line 21.

Line 15. If you checked the box on line C, add the amounts from line 15 of all your Forms 8814. Include the total on Form 1040, line 44, or Form 1040NR, line 42. Be sure to check box **a** on that line.