

Qualified Adoption Expenses

Department of the Treasury
Internal Revenue Service

▶ Attach to Form 1040 or 1040A.

2002

Attachment
Sequence No. **38**

▶ See separate instructions.

Name(s) shown on return

Your social security number

Before you begin: You need to understand the following terms. See **Definitions** in the instructions.

- **Eligible Child**
- **Employer-Provided Adoption Benefits**
- **Qualified Adoption Expenses**

Part I Information About Your Eligible Child or Children—You must complete this part. See the instructions for details, including what to do if you need more space.

1	(a) Child's name First Last		(b) Child's year of birth	Check if child was—			(f) Child's identifying number
				(c) born before 1984 and was disabled	(d) a child with special needs	(e) a foreign child	
Child 1				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Child 2				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

Caution: If the child was a foreign child, see **Special Rules** in the instructions for line 1, column (e), before you complete Part II or Part III. If you received **employer-provided adoption benefits**, complete Part III on the back next.

Part II Adoption Credit

Before you begin: If you are filing Form 1040 and are claiming the mortgage interest credit (see the instructions for Form 1040, line 52), first complete **Form 8396**.

		Child 1	Child 2		
2 Maximum credit per child	2	\$10,000	00	\$10,000	00
3 Did you file Form 8839 for a prior year? <input type="checkbox"/> No. Enter -0-. <input type="checkbox"/> Yes. See the instructions for the amount to enter.	3				
4 Subtract line 3 from line 2	4				
5 Enter your total qualified adoption expenses (see instructions). Caution: Your qualified adoption expenses may not be equal to the adoption expenses you paid in 2002.	5				
6 Enter the smaller of line 4 or line 5	6				
7 Add the amounts on line 6. If zero, skip lines 8-11 and enter -0- on line 12	7				
8 Enter your modified adjusted gross income (see instructions)	8				
9 Is line 8 more than \$150,000? <input type="checkbox"/> No. Skip lines 9 and 10, and enter -0- on line 11. <input type="checkbox"/> Yes. Subtract \$150,000 from line 8	9				
10 Divide line 9 by \$40,000. Enter the result as a decimal (rounded to at least three places). Do not enter more than "1.000"	10			X	
11 Multiply line 7 by line 10	11				
12 Subtract line 11 from line 7	12				
13 Carryforward of adoption credit from prior years (see instructions).	13				
14 Add lines 12 and 13	14				
15 1040 filers: Enter the amount from Form 1040, line 44. 1040A filers: Enter the amount from Form 1040A, line 28. }	15				
16 1040 filers: Add the amounts from Form 1040, lines 45 through 50, and any mortgage interest credit from Form 8396, line 11, and enter the total. 1040A filers: Add the amounts from Form 1040A, lines 29 through 33, and enter the total. }	16				
17 Subtract line 16 from line 15	17				
18 Adoption credit. Enter the smaller of line 14 or line 17 here and on Form 1040, line 51, or Form 1040A, line 34. If line 17 is smaller than line 14, you may have a credit carryforward (see instructions)	18				

Part III Employer-Provided Adoption Benefits

		Child 1		Child 2		
19	Maximum exclusion per child	19	\$10,000 00		\$10,000 00	
20	Did you receive employer-provided adoption benefits for a prior year? <input type="checkbox"/> No. Enter -0-. <input type="checkbox"/> Yes. See the instructions for the amount to enter.	20				
21	Subtract line 20 from line 19.	21				
22	Enter the total amount of employer-provided adoption benefits you received in 2002. This amount should be shown in box 12 of your 2002 W-2 form(s) with code T	22				
23	Add the amounts on line 22	23				
24	Enter the smaller of line 21 or line 22	24				
25	Add the amounts on line 24. If zero, skip lines 26-29, enter -0- on line 30, and go to line 31	25				
26	Enter your modified adjusted gross income (from the worksheet in the instructions)	26				
27	Is line 26 more than \$150,000? <input type="checkbox"/> No. Skip lines 27 and 28, and enter -0- on line 29. <input type="checkbox"/> Yes. Subtract \$150,000 from line 26	27				
28	Divide line 27 by \$40,000. Enter the result as a decimal (rounded to at least three places). Do not enter more than "1.000"	28				
29	Multiply line 25 by line 28	29				
30	Excluded benefits. Subtract line 29 from line 25	30				
31	Taxable benefits. Subtract line 30 from line 23. Also, include this amount on Form 1040, line 7, or Form 1040A, line 7. On the line next to line 7, enter "AB"	31				



If the total adoption expenses you paid in 2002 were not fully reimbursed by your employer **and** the adoption became final in or before 2002, you may be able to claim the adoption credit in Part II on the front of this form.

