



IRS Tax Tip 2015-05: Top 10 Tax Facts about Exemptions and Dependents

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Top 10 Tax Facts about Exemptions and Dependents

Nearly everyone can claim an exemption on their tax return. It usually lowers your taxable income. In most cases, that reduces the amount of tax you owe for the year. Here are the top 10 tax facts about exemptions to help you file your tax return.

- 1. E-file your tax return.** Filing electronically is the easiest way to file a complete and accurate tax return. The software that you use to e-file will help you determine the number of exemptions that you can claim. [E-file options](#) include free [Volunteer Assistance](#), [IRS Free File](#), [commercial software](#) and [professional assistance](#).
- 2. Exemptions cut income.** There are two types of exemptions. The first type is a personal exemption. The second type is an exemption for a dependent. You can usually deduct \$3,950 for each exemption you claim on your 2014 tax return.
- 3. Personal exemptions.** You can usually claim an exemption for yourself. If you're married and file a joint return, you can claim one for your spouse, too. If you file a separate return, you can claim an exemption for your spouse only if your spouse:

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- had no gross income,
- is not filing a tax return, and
- was not the dependent of another taxpayer.

4. Exemptions for dependents. You can usually claim an exemption for each of your dependents. A dependent is either your child or a relative who meets a set of tests. You can't claim your spouse as a dependent. You must list the Social Security number of each dependent you claim on your tax return. For more on these rules, see IRS [Publication 501](#), Exemptions, Standard Deduction, and Filing Information. You can get Publication 501 on IRS.gov. Just click on the "[Forms & Pubs](#)" tab on the home page.

5. Report health care coverage. The health care law requires you to report certain health insurance information for [you and your family](#). The [individual shared responsibility provision](#) requires you and each member of your family to either:

- Have qualifying health insurance, called [minimum essential coverage](#), or
- Have an [exemption](#) from this coverage requirement, or
- Make a shared responsibility [payment](#) when you file your 2014 tax return.

Visit [IRS.gov/ACA](#) for more on these rules.

6. Some people don't qualify. You normally may not claim married persons as dependents if they file a joint return with their spouse. There are some exceptions to this rule.

7. Dependents may have to file. A person who you can claim as your dependent may have to file their own tax return. This depends on certain factors, like the amount of their income, whether they are married and if they owe certain taxes.

8. No exemption on dependent's return. If you can claim a person as a dependent, that person can't claim a personal exemption on his or her own tax return. This is true even if you don't actually claim that person on your tax return. This rule applies because you can claim that person is your

dependent.

9. **Exemption phase-out.** The \$3,950 per exemption is subject to income limits. This rule may reduce or eliminate the amount you can claim based on the amount of your income. See [Publication 501](#) for details.

10. **Try the IRS online tool.** Use the [Interactive Tax Assistant tool](#) on IRS.gov to see if a person qualifies as your dependent.

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