



# IRS Tax Tip 2015-43: Five Key Points about Children with Investment Income

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IRS Tax Tips

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### Five Key Points about Children with Investment Income

Special tax rules may apply to some children who receive investment income. The rules may affect the amount of tax and how to report the income. Here are five key points to keep in mind if your child has investment income:

- 1. Investment Income.** Investment income generally includes interest, dividends and capital gains. It also includes other unearned income, such as from a trust.
- 2. Parent's Tax Rate.** If your child's total investment income is more than \$2,000 then your tax rate may apply to part of that income instead of your child's tax rate. See the instructions for [Form 8615](#), Tax for Certain Children Who Have Unearned Income.
- 3. Parent's Return.** You may be able to include your child's investment income on your tax return if it was less than \$10,000 for the year. If you make this choice, then your child will not have to file his or her own return. See [Form 8814](#), Parents' Election to Report Child's Interest and Dividends, for more.

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**4. Child's Return.** If your child's investment income was \$10,000 or more in 2014 then the child must file their own return. File [Form 8615](#) with the child's federal tax return.

**5. Net Investment Income Tax.** Your child may be subject to the Net Investment Income Tax if they must file Form 8615. Use [Form 8960](#), Net Investment Income Tax, to figure this tax. For more on this topic, [visit IRS.gov](#).

Refer to IRS [Publication 929](#), Tax Rules for Children and Dependents, for complete details on this topic. Visit [IRS.gov/forms](#) to view, download or print IRS forms and publications anytime.

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**Additional IRS Resources:**

- [Questions and Answers](#) on the Net Investment Income Tax
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