

Who Gets To Claim The Child As A Dependent?

By Tom Norton, CPA, CDFA

The dependency exemption for your child(ren) is a very valuable benefit you should consider when negotiating your divorce settlement. For 2008, the exemption is worth a \$3,500 deduction for each child (though it is phased out for high-earners). So if you pay 30% in federal and state income tax, the deduction is worth \$1,050. And you get that benefit every year you get the exemption.

Having the dependency exemption also allows you to take the child tax credit, which is worth up to \$1,000 per year, depending on your income.

Who gets the deduction can be negotiated, and as long as it is spelled out in the divorce decree, the IRS will honor it.

If it's not specifically mentioned in the divorce decree, then the parent who is with the child the majority of the time gets the exemption. If the child is with each parent 50% of the time, then the parent who makes more money gets the exemption.

You can also alternate the exemption year to year, or split the exemptions if you have more than one child.

So if you're the "non-custodial" parent, you should speak to your attorney about negotiating for the exemption. If you're the custodial parent, you might want to keep this information to yourself, because if it's not spelled out in the divorce decree, you will get the exemption automatically.

For more money-saving tips like this one, be sure to check out [The Divorce Financial Survival Series](#).

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