



## **Mary Anne Ehlert and Protected Tomorrows TAX TIPS 2017\***

Yes, it is that wonderful time of year again... TAX TIME! This year has been extra time consuming, as everyone is also trying to figure out what the next tax law means. But for now, let's focus on taxes coming due on April 17<sup>th</sup> 2018. Based upon the numbers of questions I get at this time of year, I thought a quick list of common questions might be helpful. So here we go:

### **Q 1) Is the SSI (Supplemental Security Income) that my child receives considered taxable income?**

NO, SSI does not need to be reported as income.

### **Q 2) Are the SSDI disability benefits considered taxable income?**

The answer, quite simple, is that it depends on the total income for the person receiving the benefit. The combination of other income with SSDI might cause the SSDI to be taxable. It is important to go through the process of calculating total income to identify what is taxable.

### **Q 3) If my child is receiving SSI, can I still take him or her as a dependent on my tax return?**

The answer depends upon how the SSI was filed. If your child is not getting the full amount and gets a reduced amount due to the fact that you subsidize their living, then the answer is maybe. Check with your accountant. If your child is getting the full amount of SSI, as they are paying you rent, etc., then the answer is NO, you should not take them as a dependent. Your child has already said they are independent and not getting resources from you, so you would not be providing for the child, and thus cannot take them as your dependent

### **Q 4) Should my child file their own tax return?**

The answer here is again dependent upon the situation. If your child does not work, and their only income is SSI, they don't need to file. If your child works, and has taxes withheld from their check, they may file to get a refund. If your child is over 25 and working, they might be able to claim an Earned Income Tax Credit when they file.

### **Q 5) My child has a Special Needs Trust. Do we need to file a tax return for the trust?**

If there are no funds in the special needs trust, no tax return is required. If the trust has its own TAX ID, the answer is maybe. If the trust is a grantor trust, you MIGHT be able to put that income on your own tax return. Trust may also just use the parent's social security number, and the income then might be taxable to the parent.

**Q 6) If your child pays you rent, should you claim that as income on your tax return?**

The answer is yes. You should file a Schedule E, claim the rent but don't forget to deduct the appropriate expenses. You probably won't owe any more taxes, if you apply this information correctly.

Not every tax accountant understands many of these nuances of your tax return. Don't be afraid to call us with questions.

<http://protectedtomorrows.com/>

***Tune in: RettEd live webcast with Mary Anne Ehlert, CFP, Protected Tomorrows, Inc. on October 9, 2018, 1pm-2:30pm eastern [www.rettsyndrome.org/RettEd](http://www.rettsyndrome.org/RettEd)***

**\*Please consult a tax professional for answers specific to your family.**