

Dear Iris,

I'm so glad you offer a free tax service. I'm a college student, so my Ramen noodle budget doesn't allow for paying a tax preparer.

A little background on me. I'm a twenty-one-year-old college junior majoring in nursing. Right now I live on campus, but in the summers, I live with my parents, and they're still supporting me. I work at a pharmacy on the weekends, but it doesn't cover most of my expenses. I made about \$6,000 this past year.

I recently received an Email from the university. They said I might be eligible to claim some sort of education benefit on my taxes, and they advised me to print out a 1098T form from the school's website, which I did. It shows my expenses for the year, or I guess I should say my parents' expenses.

I could sure use a bigger refund, so I hope this is true. Can I claim some sort of benefit on my taxes? If so, what's it called and how do I get it?

Thank you,
Studious Nurse To Be

RESPONSE FROM THE TEACHER'S EDITION

Dear Studious,

Congratulations on choosing such a noble profession. You've certainly chosen a career field that's in high demand.

From your circumstances, it sounds like your parents should still be able to claim you as a dependent. You are a college student under the age of 24; you live with your parents except for the time when you are in school, which we call a temporary absence; and your parents are providing more than half of your support. In some cases, the exact amount you made is important, but because you're a student, you're considered a "qualifying child" even at age 21, so the exact dollar amount isn't as important. Because your parents are able to claim you, they should be claiming the credit, unless they have made the choice not to claim you on their tax return. If they choose not to claim you on their tax return, then you may claim an education credit if you are otherwise eligible. But there are a couple of warnings:

1. Even if your parents don't claim you, it doesn't sound like you can claim yourself, because your parents are eligible to do so. It doesn't matter whether they do or don't claim you. Because they can claim you, you can't claim yourself.
2. Because of your age, because it sounds like your parents are still alive, and because your earned income does not provide more than one half of your support, you will not be eligible for the refundable portion of the American Opportunity Credit. So there's a good chance that claiming the credit won't do you any good. In most cases, you should let your parents claim you if they are eligible to do so. The credit will help their tax situation far more than it will help yours most of the time.

Wearing The Pants Around Here GROUP 2-----

Dear Iris,

I'm a confirmed bachelor. Never married; no kids. For three years, I went to a tax preparer who always let me file as head of household. After all, I live alone, so I am the head of my household. Last year, my good tax preparer was out of the business, so I tried one of those volunteer sites where they file your taxes for free. I guess you get what you pay for. They told me that I couldn't file as head of household. They filed my return as single, and my refund was less than it had ever been with my old preparer. I was not happy, but they insisted they were doing the return correctly. I have my doubts.

Please settle this debate for me, Iris. Can I file as head of household or not? If I can, I want to know how to explain it to that volunteer service, because they need to learn how to do taxes the right way. If I can't, I'd like to know why I can't. Like I said, I'm the head of my household. What do you say?

Thank you,
Wearing The Pants Around Here

RESPONSE FROM THE TEACHER'S EDITION

Dear Wearing the Pants,

I say the people at that volunteer site are trying to help you, and you should let them! You say that you've never married and have no kids. In order to claim the Head of Household filing status, you have to have a qualifying child or qualifying relative for this purpose. It sounds like you live alone. If that's the case, the only qualifying relative you could conceivably claim for Head of Household status would be a parent, and even then, you have to have provided more than half the cost of keeping up the home for your parent. Otherwise, you are single for tax purposes. Put another way, you can't claim yourself as the person qualifying you to file Head of Household, which is what it sounds like you're proposing. Your "good" tax preparer may have landed you in hot water. Keep going to that volunteer service; they're not steering you wrong.

Wearing The Pants Around Here GROUP 2-----

Hungry and Hopeful GROUP 3-----

Dear Iris,

My girlfriend and I are having a heated debate, and we're hoping you can settle it. Is Social Security taxable?

I say it's not taxable, because it's your money that you've been paying in all the years you worked, and now you're getting it back.

My girlfriend says it is taxable, which is why you get a form SSA1099 showing your benefits, and they wouldn't bother to send you one if you didn't owe taxes on that money.

Who is right? A dinner is riding on your response, Iris. Say it's not taxable and make me a winner!

Hungry and Hopeful

RESPONSE FROM THE TEACHER'S EDITION

Dear Hungry and Hopeful,

As it turns out, you're both right--sort of. If Social Security is your only source of income, you're pretty safe to assume that it's not taxable unless you received a really large amount of Social Security benefits. However, if you received other income during the year, you need to apply a formula to determine if some of your Social Security benefits are taxable. In no case will all of your Social Security benefits be taxable, but depending on your filing status and other income received, up to 85% could be taxable.

The formula is this: Divide the amount of Social Security benefits you received in half. Then, add to that any other taxable income you received and any nontaxable interest. If the result is more than \$25,000 (\$32,000 if married and filing a joint return), some of your benefits will be taxable. And if you are married but filing a separate return from your spouse, up to 85% of your benefits could be taxable, regardless of the formula, unless you and your spouse lived apart for the entire tax year. Since you mentioned this debate with your girlfriend, I would assume the Married Filing Separately status does not apply to you.

As for the bet, I'd go Dutch and call it a draw.

Hungry and Hopeful GROUP 3-----

Fighting Over a Four-Month-Old GROUP 1-----

Dear Iris,

I am seventeen years old, and a junior in high school. I have a son who was born in September of 2025. We live with my mom. I work at the Chicken Shack to try to bring in some extra money, but Mom pays most of the expenses. I think I made enough that I'm going to have to file taxes though--about \$6,850.

Mom and I are fighting over who can claim my son. I say I can claim him because he's, my son. Mom says she can claim him because she's supporting both of us, and he's her grandson. I'm really not trying to take anything away from my mom, but if I can increase my refund by claiming, I want to do that. Can we both claim him?

RESPONSE FROM THE TEACHER'S EDITION

Dear Fighting,

It sounds like you've got a lot on your plate, including chicken; so let's see if we can sort this all out.

First of all, if you only made about \$6,850, you don't necessarily have to file a tax return. Assuming you're not self-employed, if all of your income is earned income (on one or more W-2 forms), you wouldn't have to file until you made more than \$12,950 this year. However, that doesn't mean you shouldn't file a tax return. If you had anything withheld from your paychecks, you should file to get that money back. And it's possible you might be required to file a state return; you didn't mention the state where you live.

So let's assume that you will file a return to get back your withholding, and let's figure out who can claim your son as a dependent. Children have become very valuable to the taxpayer's bottom line when it comes to filing tax returns. So there are lots of rules governing who can claim whom.

First of all, we need to figure out your situation. You've made it pretty clear that you're not providing more than half of your own support, which means you can't claim yourself. You also made it clear your mother is supporting you, so she should be able to claim you as her dependent.

Because you can be claimed as your mother's dependent, you are not allowed to claim anyone else--including your son--as your dependent. And because your son is being supported by your mother, who is the child's grandmother, it stands to reason that she can claim him as her dependent as well.

There are many rules for claiming dependents, so many that the IRS has two whole charts of questions on the subject, and tax preparers often refer to them when making these decisions, even when they think the answer is fairly clear. Checking those charts definitely rules out your being able to claim your son, at least for now.

Fighting Over a Four-Month-Old GROUP 4-----

Still Supporting This Seventeen-Year-Old GROUP 5-----

Dear Iris,

My wife and I have a son, Roberto, who turned 17 in September of 2024. When we filed our 2023 tax return, we received child tax credit for Roberto in the amount of \$2,000.

For 2024, we only received \$500 for Roberto. It seems he is now an "other dependent." The end result was that, for the first time, we owed the IRS about \$900 instead of having a small refund. It really threw us for a loop.

I don't understand what changed. Our income remained about the same. Roberto still lives with us, is still in high school, and still relies on us for his support. Did the tax laws change? Or does Roberto just need to go out and get a job?

Still Supporting This Seventeen-year-old

RESPONSE FROM THE TEACHER'S EDITION

Dear Still Supporting,

I understand your sticker shock. In 2021, the child tax credit was larger than usual. In 2022, it went down to pre-pandemic levels. And now in 2024, you find that Roberto's status has changed.

When you asked "What changed?" you actually had the answer: Roberto's age. For some reason, the larger "Child Tax Credit" only applies to dependent children under the age of seventeen--not including the age of seventeen. Many of us have lamented that the seventeen-year-old dependent does not make us eligible to continue to receive the larger credit, but the truth can be harsh sometimes.

Take heart: If Roberto decides to go to college, then the education credits can often kick in and bring that tax return back to levels you've come to expect. But there's that gap year (or sometimes two) between the time they turn seventeen and the time they head off to college that can sting a bit. Maybe that's what our parents meant by "that awkward phase."

Until that happens though, you should probably complete a new W-4 withholding certificate at work to have a little more held out of your paycheck each month. That \$900 doesn't sting as badly when it comes out as \$35 every two weeks.

Still Supporting This Seventeen-Year-Old GROUP 5-----