Form **8814**

Department of the Treasury
Internal Revenue Service (99)

Parents' Election To Report Child's Interest and Dividends

► See instructions below and on back.
► Attach to parents' Form 1040 or Form 1040NR.

OMB No. 1545-1128

1999

Attachment Sequence No. **40**

Name(s) shown on your return	**Your social security number**

Caution: *The Federal income tax on your child's income, including capital gain distributions, may be less if you file a separate tax return for the child instead of making this election. This is because you cannot take certain tax benefits that your child could take on his or her own return. For details, see* ***Tax Benefits You May Not Take*** *on the back.*

A Child's name (first, initial, and last)	**B Child's social security number**

c If more than one Form 8814 is attached, check here . . . . ► ☐

Part I **Child's Interest and Dividends To Report on Your Return**

1a	Enter your child's **taxable** interest. If this amount is different from the amounts shown on the child's Forms 1099-INT and 1099-OID, see the instructions	**1a**		
b	Enter your child's **tax-exempt** interest. **DO NOT** include this amount on line 1a **1b**			
2	Enter your child's ordinary dividends, including any Alaska Permanent Fund dividends. If your child received any ordinary dividends as a nominee, see the instructions	**2**		
3	Enter your child's capital gain distributions. If your child received any capital gain distributions as a nominee, see the instructions	**3**		
4	Add lines 1a, 2, and 3. If the total is $1,400 or less, skip lines 5 and 6 and go to line 7. If the total is $7,000 or more, **do not** file this form. Your child **must** file his or her own return to report the income	**4**		
5	Base amount	**5**	1,400	00
6	Subtract line 5 from line 4. If you checked the box on line C above or if you entered an amount on line 3, see the instructions. Also, include this amount in the total on Form 1040, line 21, or Form 1040NR, line 21. In the space next to line 21, enter "Form 8814" and show the amount. Go to line 7 below . . . . ►	**6**		

Part II **Tax on the First $1,400 of Child's Interest and Dividends**

7	Amount not taxed	**7**	700	00
8	Subtract line 7 from line 4. If the result is zero or less, enter -0-	**8**		
9	**Tax.** Is the amount on line 8 less than $700? ☐ **No.** Enter $105 here and see the **Note** below. ☐ **Yes.** Multiply line 8 by 15% (.15). Enter the result here and see the **Note** below. . .	**9**		

Note: *If you checked the box on line C above, see the instructions. Otherwise, include the amount from line 9 in the tax you enter on Form 1040, line 40, or Form 1040NR, line 39. Be sure to check box* ***a*** *on Form 1040, line 40, or Form 1040NR, line 39.*

General Instructions

Purpose of Form. Use this form if you elect to report your child's income on your return. If you do, your child will not have to file a return. You can make this election if your child meets **all** of the following conditions.

- Was under age 14 on January 1, 2000.
- Is required to file a 1999 return.
- Had income only from interest and dividends, including Alaska Permanent Fund dividends.
- Had gross income for 1999 that was less than $7,000.
- Had no estimated tax payments for 1999 (including any overpayment of tax from his or her 1998 return applied to 1999 estimated tax).
- Had no Federal income tax withheld from his or her income.

You must also qualify. See **Parents Who Qualify To Make the Election** below.

How To Make the Election. To make the election, complete and attach Form(s) 8814 to your tax return and file your return by the due date (including extensions). A separate Form 8814 must be filed for **each** child whose income you choose to report.

Parents Who Qualify To Make the Election. You qualify to make this election if you file Form 1040 or Form 1040NR and **any** of the following apply.

- You are filing a joint return for 1999 with the child's other parent.
- You and the child's other parent were married to each other but file separate returns for 1999 AND you had the **higher** taxable income. If you do not know if you had the higher taxable income, see **Pub. 929,** Tax Rules for Children and Dependents.
- You were unmarried, treated as unmarried for Federal income tax purposes, or separated from the child's other parent by a divorce or separate maintenance decree. You must have had custody of your child for most of the year (you were the custodial parent). If you were the custodial parent and you remarried, you may make the election on a joint return with your new spouse. But if you and your new spouse do not file a joint return, you qualify to make the election only if you had **higher** taxable income than your new spouse.

(continued)

Note: *If you and the child's other parent were not married but lived together during the year with the child, you qualify to make the election only if you are the parent with the **higher** taxable income.*

Tax Benefits You May Not Take. If you elect to report your child's income on your return, you may not take any of the following deductions that your child could take on his or her own return.

- Standard deduction of $1,750 for a blind child.
- Penalty on early withdrawal of child's savings.
- Itemized deductions such as child's investment expenses or charitable contributions.

If your child received **capital gain distributions,** you may pay up to $35 more tax on those distributions if you make this election instead of filing a separate tax return for the child. This is because the tax rate on the child's income between $700 and $1,400 is 15% if you make the election. However, if you file a separate return for the child, the tax rate on those distributions may be 10% because of the preferential capital gains tax rates.

If any of the above apply to your child, first figure the tax on your child's income as if he or she is filing a return. Next, figure the tax as if you are electing to report your child's income on **your** return. Then, compare the methods to determine which results in the lower tax.

Alternative Minimum Tax. If your child received tax-exempt interest (or exempt-interest dividends paid by a regulated investment company) from certain private activity bonds, you must take this into account in determining if you owe the alternative minimum tax. See **Form 6251,** Alternative Minimum Tax—Individuals, and its instructions for details.

Investment Interest Expense. Your child's income (other than Alaska Permanent Fund dividends and capital gain distributions) that you report on your return is considered to be **your** investment income for purposes of figuring your investment interest expense deduction. If your child received Alaska Permanent Fund dividends or capital gain distributions, see **Pub. 550,** Investment Income and Expenses, to figure the amount you may treat as your investment income.

Foreign Accounts and Trusts. Complete Part III of **Schedule B** (Form 1040) for your child if he or she **(1)** had a foreign financial account, or **(2)** received a distribution from, or was the grantor of, or transferor to, a foreign trust. If you answer "Yes" to either question, you must file this Schedule B with **your** return. Enter "Form 8814" next to line 7a or line 8, whichever applies. Also, complete line 7b if applicable.

Change of Address. If your child filed a return for a year before 1999 and the address shown on the last return filed is not your child's current address, be sure to notify the IRS, in writing, of the new address. To do this, you may:

- Use **Form 8822,** Change of Address, or
- Write to the Internal Revenue Service Center where your child's last return was filed, or
- Write to the Chief, Customer Service Division, in your local IRS district office.

Additional Information. See Pub. 929 for more details.

Line Instructions

Name and Social Security Number. If filing a joint return, include your spouse's name but enter the social security number of the person whose name is shown first on the return.

Line 1a. Enter **ALL** taxable interest income received by your child in 1999. If your child received a **Form 1099-INT** for tax-exempt interest, such as from municipal bonds, enter the amount and "Tax-exempt interest" on the dotted line next to line 1a. **Do not** include this interest in the total for line 1a but be sure to include it on line 1b.

If your child received, as a **nominee,** interest that actually belongs to another person, enter the amount and "ND" (for nominee distribution) on the dotted line next to line 1a. **Do not** include amounts received as a nominee in the total for line 1a.

If your child had accrued interest that was paid to the seller of a bond, amortizable bond premium (ABP) allowed as a reduction to interest income, or if any original issue discount (OID) included on line 1a is less than the amount shown on your child's **Form 1099-OID,** follow the instructions above for nominee interest to see how to report the nontaxable amounts. But on the dotted line next to line 1a, enter the nontaxable amount and "Accrued interest," "ABP adjustment," or "OID adjustment," whichever applies. **Do not** include any nontaxable amounts in the total for line 1a.

Line 1b. If your child received any tax-exempt interest income, such as from certain state and municipal bonds, report it on line 1b. Also, include any exempt-interest dividends your child received as a shareholder in a mutual fund or other regulated investment company.

Note: *If line 1b includes tax-exempt interest or exempt-interest dividends paid by a regulated investment company from private activity bonds, see **Alternative Minimum Tax** on this page.*

Line 2. Enter the ordinary dividends received by your child in 1999. Ordinary dividends should be shown in box 1 of **Form 1099-DIV.** Also, include ordinary dividends your child received through a partnership, an S corporation, or an estate or trust.

If your child received, as a **nominee,** ordinary dividends that actually belong to another person, enter the amount and "ND" on the dotted line next to line 2. **Do not** include amounts received as a nominee in the total for line 2.

Line 3. Enter the capital gain distributions received by your child in 1999. Capital gain distributions should be shown in box 2a of Form 1099-DIV. Also, see the instructions for line 6.

If your child received, as a **nominee,** capital gain distributions that actually belong to another person, enter the amount and "ND" on the dotted line next to line 3. **Do not** include amounts received as a nominee in the total for line 3.

Line 6. If you checked the box on line C, add the amounts from line 6 of **all** your Forms 8814. Include the total on line 21 of Form 1040 or Form 1040NR, whichever applies. Be sure to enter "Form 8814" and the total of the line 6 amounts in the space next to line 21.

If your child received capital gain distributions, part or all of those distributions must be reported on your **Schedule D** (Form 1040) or on Form 1040 or on Form 1040NR instead of on Form 8814, line 6. See Pub. 929 for details.

Line 9. If you checked the box on line C, add the amounts from line 9 of **all** your Forms 8814. Include the total on Form 1040, line 40, or Form 1040NR, line 39. Be sure to check box **a** on that line.

Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by Internal Revenue Code section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is: **Recordkeeping,** 26 min.; **Learning about the law or the form,** 10 min.; **Preparing the form,** 24 min.; and **Copying, assembling, and sending the form to the IRS,** 17 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. See the instructions for the tax return with which this form is filed.