

Qualified Adoption Expenses

Department of the Treasury
Internal Revenue Service

▶ Attach to Form 1040 or 1040A.

1998
Attachment
Sequence No. **38**

▶ See separate instructions.

Name(s) shown on return

Your social security number

Before you begin, you need to understand the following terms. See **Definitions** on page 1 of the instructions.

- **Eligible Child**
- **Employer-Provided Adoption Benefits**
- **Qualified Adoption Expenses**

Part I Information About Your Eligible Child or Children—You must complete this part. See the instructions for details, including what to do if you need more space.

1	(a) Child's name		(b) Child's year of birth	Check if child was—			(f) Child's identifying number
				(c) born before 1980 and was disabled	(d) a child with special needs	(e) a foreign child	
	First	Last					
Child 1			19	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Child 2			19	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Caution: If you received **employer-provided adoption benefits**, complete **Part III** on the back next.

Part II Adoption Credit

Caution: If the eligible child is a foreign child, you can take the credit only if the adoption was final in or before 1998.

		Child 1	Child 2		
2 Enter \$5,000 (\$6,000 for a child with special needs)	2				
3 Did you file a 1997 Form 8839? No. Enter -0-. Yes. See the instructions for the amount to enter.	3				
4 Subtract line 3 from line 2	4				
5 Enter the total qualified adoption expenses you paid in: ● 1997 if the adoption was not final by the end of 1998. ● 1997 and 1998 if the adoption was final in 1998. ● 1998 if the adoption was final before 1998.	5				
6 Enter the smaller of line 4 or line 5	6				
7 Add the amounts on line 6. If zero, skip lines 8-11, enter -0- on line 12, and go to line 13	7				
8 Enter your modified adjusted gross income (see instructions)	8				
9 If line 8 is \$75,000 or less, skip lines 9 and 10 and enter -0- on line 11. If line 8 is over \$75,000, subtract \$75,000 from the amount on line 8	9				
10 Divide line 9 by \$40,000. Enter the result as a decimal (rounded to at least three places). Do not enter more than "1.000"	10			×	
11 Multiply line 7 by line 10	11				
12 Subtract line 11 from line 7	12				
13 Enter any credit carryforward from 1997 (line 11 of your 1997 Form 8839)	13				
14 Add lines 12 and 13. Then, see the instructions for the amount of credit to enter on Form 1040, line 45, or Form 1040A, line 30	14				
Note: If the credit you enter on Form 1040, line 45, or Form 1040A, line 30, is equal to the total of lines 12 and 13, stop ; you do not have any credit to carry forward to 1999.					
15 1997 credit carryforward to 1999 (see instructions)	15				
16 1998 credit carryforward to 1999 (see instructions)	16				

Part III Employer-Provided Adoption Benefits

Caution: *If the eligible child is a foreign child, see **Special Rules** in the instructions for line 1, column (e), before completing this part.*

		Child 1		Child 2		
17	Enter \$5,000 (\$6,000 for a child with special needs)	17				
18	Did you receive employer-provided adoption benefits for 1997? No. Enter -0-. Yes. See the instructions for the amount to enter. }	18				
19	Subtract line 18 from line 17. If zero or less, enter -0-	19				
20	Enter the total amount of your employer-provided adoption benefits received in 1998. This amount should be shown in box 13 of your 1998 W-2 form(s) with code T	20				
21	Add the amounts on line 20	21				
22	Enter the smaller of line 19 or line 20	22				
23	Add the amounts on line 22. If zero, skip lines 24-28, enter -0- on line 29, and go to line 30	23				
24	Enter your modified adjusted gross income (from the worksheet in the instructions)	24				
25	If line 24 is \$75,000 or less, skip lines 25-27 and enter the amount from line 23 on line 28. If line 24 is over \$75,000, subtract \$75,000 from the amount on line 24	25				
26	Divide line 25 by \$40,000. Enter the result as a decimal (rounded to at least three places). Do not enter more than "1.000"	26			×	
27	Multiply line 23 by line 26	27				
28	Subtract line 27 from line 23	28				
29	Excluded benefits. Enter the smaller of line 23 or line 28	29				
30	Taxable benefits. Subtract line 29 from line 21. Also, include this amount on Form 1040, line 7, or Form 1040A, line 7. On the line next to line 7, enter "AB"	30				

If the total adoption expenses you paid in 1998 were not fully reimbursed by your employer **AND** the adoption was final in or before 1998, you may be able to claim the adoption credit in Part II on the front of this form.

