

Adoption Credit Triggers Five-Figure Tax Refunds for Parents

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The cost of raising a child from birth to age 18 is \$286,000 -- without the cost of college.(1) Adoptive parents can expect to spend another \$30,000(2) for attorney fees, placement agencies and travel expenses. But, H&R Block is helping adoptive parents reclaim some of these costs with a tax credit that's generating refunds of \$25,000 or more.

"Being an adoptive parent is both rewarding and fulfilling but it also comes with emotional, physical and financial demands," said Kathy Pickering, executive director of The Tax Institute at H&R Block. "The adoption credit is providing these families with some much needed financial relief. Some of our clients are receiving refunds equal to their annual salary when multiple children or special needs children are adopted."

New for the 2010 tax year, the adoption credit is fully refundable for qualified expenses up to \$13,170. Previously, adoptive parents could only claim the portion of the credit that reduced their tax liability to zero. This year, the IRS will refund any amount of a 2010 adoption credit that exceeds the adoptive parents' tax bill. Adoptive parents also can "carry-forward" credits for adoptions dating back as far as 2005 for potential refunds on their 2010 tax returns.

Richard and Sacora Jefferson of Oklahoma City are the parents of four children -- three of whom are adopted. H&R Block conducted a Second Look(R) Review on the family's 2008 and 2009 tax returns and revealed the Jeffersons were entitled to a 2010 tax refund of more than \$51,000 -- due largely to the adoption credit.

"Last year, we used our refund to get a home computer for the kids. This year, we're going to paint their bedrooms, buy them new furniture and get a jungle gym for the backyard. It's all about the kids," Sacora Jefferson said, adding that the rest of the money will be put toward the family's bills.

In a Second Look Review, an H&R Block tax professional looks at the last three years of tax returns prepared by someone else to identify any overlooked credits and deductions. Participating H&R Block retail tax offices nationwide are offering a free Second Look to new and existing clients through April 30. Even taxpayers who already filed their 2010 taxes can take advantage of the offer.

"For the Jeffersons and other adoptive parents, a refund of thousands of dollars can be life changing. There's nothing like the look on a client's face when we tell them they're receiving a tax refund of this magnitude," Pickering said. "The adoption credit is an example of the impact H&R Block can have on clients when we review their past tax returns. This simple step can lead to thousands of additional tax refund dollars."

For more information about the adoption credit, contact a local H&R Block tax professional. To find the nearest H&R Block office, visit www.hrblock.com or call 800-HRBLOCK. Individual tax situations vary based on the individual. Consult a tax professional for specific advice.

H&R Block provides guaranteed, income tax return preparation services through its company-owned and franchise offices, and the H&R Block At Home online and desktop solutions. For an online tutorial, join H&R Block's Get It Right Community tax forum, and visit its Twitter and Facebook pages.

(1) U.S. Department of Agriculture (2009) (2) Adoption.com

About H&R Block H&R Block Inc. (NYSE: HRB) is one of the world's largest tax services providers, having prepared more than 550 million tax returns worldwide since 1955. In fiscal 2010, H&R Block had annual revenues of \$3.9 billion and prepared more than 23 million tax returns worldwide, utilizing more than 100,000 highly trained tax professionals. The Company provides tax return preparation services in person, through H&R Block At Home(TM) online and desktop software products, and through other channels. The Company is also one of the leading providers of business services through RSM McGladrey. For more information, visit our Online Press Center.

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