

Unearned Income Age Limits for Dependent Children

The “kiddie tax” rules apply to unearned income earned by your children. If your child has more than \$1,800 of investment income for the year, those earnings may be subject to tax at their parent’s rate.

Historically, these rules applied to children under the age of 14.

For 2007, these rules applied to your dependent children under age 18.

Starting in 2008, these rules apply to children under the age of 19 as well as full-time students under 24 whose earned income is less than ½ of their support.

Generally, the parent’s taxable income needs to be computed first, so it is easiest to prepare both the children’s and parent’s tax returns together.