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SUPPORTING FAMILY IN MEXICO YIELDS U.S. TAX SAVINGS

Food, lodging and medical expenses for dependents may equal tax breaks

Providing financial assistance to relatives is something many people do. For the millions of Mexican-Americans sending money to family in Mexico, this could yield tax breaks in the United States.

Taxpayers must claim the people being supported as dependents to be eligible for the $3,650 dependent exemption. Generally, a dependent must be a U.S. citizen, U.S. resident alien, U.S. national, or a resident of Canada or Mexico. Exceptions are made for certain adopted children.

Eligible expenses that may be claimed include food, lodging, clothing, education, medical and dental care, recreation and transportation. All qualified expenses must be verified with the appropriate receipts and documentation.

To claim dependents in Mexico, specific qualifications must be met:

- Taxpayer must provide more than 50 percent of the dependent's eligible living expenses
- The dependent must be a:
  - Child, stepchild, foster child or their descendant
  - Sibling, stepsibling or half sibling
  - Parent, grandparent or their direct ancestor
  - Stepparent
  - Niece, nephew, aunt or uncle
  - Son-in-law, daughter-in-law, father-in-law, mother-in-law, brother-in-law or sister-in-law
  - The dependent's gross income from U.S. sources may not exceed $3,650 for 2009, unless disabled
  - A dependent must not file a joint return for the year unless to claim a refund of taxes withheld

"Because so many Mexican-Americans provide for their loved ones in Mexico, more people could take advantage of this dependency exemption than already do," said Silvia Delgado, tax specialist at H&R Block. "But, it's important to understand what steps need to be taken in order to claim a resident of Mexico as a dependent."

In addition to meeting basic exemption qualifications, the taxpayer must submit a form W-7 to get an Individual Tax Identification Number from the IRS for the dependent. Taxpayers and dependents who are not eligible for Social Security Numbers must have an ITIN to submit a tax return in the United States.

An ITIN is a tax processing number that is issued to individuals – regardless of immigration status – who have a tax reporting obligation but do not qualify for a Social Security Number.

H&R Block has more than 10,000 Spanish-speaking tax professionals trained to do ITIN returns, 2,200 Spanish-designated offices and a Spanish Web site. In 2009, H&R Block served more than 1.6 million Latino clients.

For more information, call 1-800-HRBLOCK to find a nearby tax professional who can explain the complexities of claiming dependents residing outside the United States.

About H&R Block
H&R Block Inc. (NYSE: HRB) is the world's preeminent tax services provider, having prepared more than 500 million tax returns since 1955. In fiscal 2009, H&R Block had annual revenues of $4.1 billion and prepared more than 24 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™ 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 at www.hrblock.com/espanol.

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