

FAQs: CARES Act economic stimulus payments for children in foster care

In March 2020, the Coronavirus Aid, Relief and Economic Security (CARES) Act was passed, which includes an advanced payment of a new refundable tax credit for the 2020 tax year. The payment, commonly known as a federal stimulus payment, is being distributed based on tax returns filed for 2019.¹ This may impact families with children who currently are, or have been, in foster care during the applicable filing years.

Information provided below in the general answers to frequently asked questions is not to be considered legal tax advice. Individuals are encouraged to consult with the [Internal Revenue Service \(IRS\)](#) or a certified tax professional with questions regarding specific circumstances. The IRS is providing additional guidance on its [economic impact payment information center](#), which is updated periodically.

Can foster parents claim foster children as dependents?

The IRS has an [interactive tax assistance tool](#) to help determine who may be claimed as a dependent. Foster parents may claim foster children as dependents if they meet requirements as a “qualifying child,” when a child lived with a family for more than six months of the year (there are exceptions for children who were born or died during the year). Foster parents may also claim a child and dependent care credit for child care expenses not covered by the Minnesota Assessment of Parenting for Children and Youth (MAPCY) increase.

Is the social service agency legally required to provide foster parents with a qualifying child’s Social Security number so they may claim them as a dependent?

Minnesota does not have a statutory requirement for legally responsible social service agencies to provide a child’s Social Security number to foster parents. If a legally responsible agency does not provide foster parents with information to claim a child as a dependent, they may bring this to the attention of the court during a review hearing, or consult with an attorney and/or tax professional for options.

For children who are or have been in foster care, who will get the stimulus payment?

The IRS will determine who receives the stimulus payment for a qualifying child who is under age 17 for all of 2019 (meaning they must not have turned age 17 during 2019). For the advance stimulus payment, this is based on who most recently claimed the child as a dependent on either 2019 or 2018 returns.

¹ If 2019 returns have not been filed, the 2018 return will be used.

What if a child was in foster care in 2019 and their foster parent claimed them, but they are now reunified with their parent?

The IRS will determine who receives stimulus payments for qualifying children. The IRS uses information from the most recent tax return to calculate advance stimulus payments for qualifying individuals/families. There is no clear guidance from the IRS on what to do in this situation. The refundable tax credit will be applied to 2020 tax returns filed in 2021; parents can claim a child for additional credit on their 2020 tax return if they did not receive the advance stimulus payment.

Can parents claim the stimulus payment for their child if their child is in residential treatment?

If families were eligible to claim children as dependents on their 2019 taxes, and children did not turn age 17 in 2019, families should receive the stimulus payment.

Who receives the stimulus payment for children under guardianship who reside in an adoptive or kinship placement, but an adoption or transfer of permanent legal and physical custody (TPLPC) has not finalized?

The IRS will determine who receives the stimulus payment for a qualifying child. Advance stimulus payments are based on who most recently claimed the child, based on either 2019 or 2018 returns.

Who will receive the stimulus payment if a family finalized an adoption or TPLPC in 2019?

Families who finalized an adoption in 2019, and had their child/ren residing in their home for six or more months, are eligible to claim the child as a qualifying dependent and will receive the advance stimulus payment. It is recommended that these families consult with their tax advisor regarding filing their taxes. Families who finalized an adoption should contact adoption.assistance@state.mn.us for necessary documentation requested by their tax advisor. If a child lived with their family for more than six months of the year, whether in foster care or legal permanency, they may claim the child as a dependent, making the family eligible for the stimulus payment.

If a child has had a TPLPC to a relative, who would receive the payment? (In this case, parental rights are still intact, however the court has determined that the child/ren are unable to remain in the legal and physical care of their parents).

The IRS will determine who is eligible to claim a qualifying child as a dependent, and therefore who will receive the stimulus payment. Advance stimulus payments are based on who most recently claimed the child based on either 2019 or 2018 returns.

Will families who finalize an adoption or TPLPC in 2020 be able to claim the stimulus payment for their child/ren?

When 2020 tax returns are filed, the IRS will determine stimulus payments based on who was eligible to claim a qualifying child in 2020. Parents can claim a child for additional credit on their 2020 tax return if they were eligible for a stimulus payment in 2020, but did not receive an advance stimulus payment based on their filing in 2018 or 2019.

Will families who have extensions of the adoption/kinship assistance agreement for their children be able to claim the stimulus payment?

The stimulus payment applies to children ages 16 and under, therefore children age 17 and older do not qualify for the refundable tax credit to be claimed by their parents.

Does the stimulus payment affect any other benefits that a child is receiving? These would be benefits such as Supplemental Security Income, Retirement, Survivors, and Disability Insurance, Black Lung, etc.

The stimulus payment is treated like other refundable credits and is not considered income. It should not affect other benefits a child is receiving. Consult with a financial advisor or Social Security Administration for additional information.