IRS Proposed Regulations Clarify the Definition of Tax ?Ã‡Â£Dependent?Ã‡Â¥

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The IRS recently issued proposed regulations regarding the definition of ?ÃÂ£dependent?ÃÂ¥ under the Internal Revenue Code (?ÃÂ£***Code***?ÃÂ¥). The proposed regulations generally update existing regulations to conform to amendments previously made to Code Section 152 and other Code sections by the Working Families Tax Relief Act of 2004 (?ÃÂ£***WFTRA***?ÃÂ¥) and subsequent legislation. Under WFTRA, Code Section 152 was amended to provide that a federal income tax dependent is either a taxpayer?ÃÃs ?ÃÂ£qualifying child?ÃÂ¥ or ?ÃÂ£qualifying relative.?ÃÂ¥ These definitions are relevant for employers that sponsor (i) group health plans if such plans provide coverage for an employee?ÃÃs dependent who is not his or her spouse or child under age 27, but who is the employee?ÃÃs federal income tax dependent, and (ii) dependent care assistance programs which reimburse covered employees for qualifying dependent care expenses of qualifying children and certain other federal income tax dependents. The proposed regulations also provide new guidance with respect to various provisions of the ?ÃÂ£qualifying child?ÃÂ¥ and ?ÃÂ£qualifying relative?ÃÂ¥ definitions. The proposed regulations apply to taxable years beginning after the date that final regulations are published. Pending the issuance of the final regulations, taxpayers may rely on the proposed regulations with respect to any open taxable year. **View the proposed regulations**.

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