

**Qualified Adoption Expenses**

Department of the Treasury  
Internal Revenue Service

▶ Attach to Form 1040 or 1040A.

**1997**  
Attachment  
Sequence No. **38**

▶ See separate instructions.

Name(s) shown on return

Your social security number

**Before you begin**, you need to understand the following terms. See **Definitions** on page 1 of the instructions.

- **Eligible Child**
- **Employer-Provided Adoption Benefits**
- **Qualified Adoption Expenses**

**Part I Information About Your Eligible Child or Children**—You must complete this part. See the instructions for details, including what to do if you need more space.

1	(a) Child's name First Last		(b) Child's year of birth	Check if child was—			(f) Child's identifying number
				(c) born before 1979 and was disabled	(d) a child with special needs	(e) a foreign child	
Child 1			19	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Child 2			19	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

**Caution:** If you received **employer-provided adoption benefits**, complete **Part III** on the back next.

**Part II Adoption Credit**—Complete this part **only** if the adoption was final in or before 1997.

	Child 1	Child 2	
2 Enter \$5,000 (\$6,000 for a child with special needs) . . . . .	2		
3 Enter the total <b>qualified adoption expenses</b> you paid in 1997. . . . .	3		
4 Enter the <b>smaller</b> of line 2 or line 3 . . . . .	4		
5 Add the amounts on line 4 . . . . .			5
6 Enter your modified adjusted gross income (see the instructions)	6		
7 Is line 6 more than \$75,000?  <b>No.</b> Skip lines 7 and 8 and enter -0- on line 9.  <b>Yes.</b> Subtract \$75,000 from the amount on line 6 . . . . .	7		
8 Divide line 7 by \$40,000. Enter the result as a decimal (rounded to two places). Do not enter more than "1.00" . . . . .			8
9 Multiply line 5 by line 8 . . . . .			9
10 Subtract line 9 from line 5. Enter the result. Then, see the instructions for the amount of credit to enter on Form 1040, line 42, or on Form 1040A, line 24c . . . . .			10
11 1997 credit carryforward, if any, to 1998 (see the instructions)	11		

**For Paperwork Reduction Act Notice, see page 4 of instructions.**

**Part III Employer-Provided Adoption Benefits**

**Caution:** If the eligible child is a foreign child, see the **Note** in the instructions for line 1, column (e), before completing this part.

		Child 1		Child 2		
<b>12</b>	Enter \$5,000 (\$6,000 for a child with special needs) . . . . .	<b>12</b>				
<b>13</b>	Enter the total amount of your <b>employer-provided adoption benefits</b> received in 1997. This amount should be shown in box 13 of your 1997 W-2 form(s) with code <b>T</b> . . . . .	<b>13</b>				
<b>14</b>	Add the amounts on line 13 . . . . .					<b>14</b>
<b>15</b>	Enter the <b>smaller</b> of line 12 or line 13 . . . . .	<b>15</b>				
<b>16</b>	Add the amounts on line 15 . . . . .		<b>16</b>			
<b>17</b>	Enter your modified adjusted gross income (from the worksheet in the instructions) . . . . .	<b>17</b>				
<b>18</b>	Is line 17 more than \$75,000? <b>No.</b> Skip lines 18–20 and enter the amount from line 16 on line 21. <b>Yes.</b> Subtract \$75,000 from the amount on line 17 . . . . .	<b>18</b>				
<b>19</b>	Divide line 18 by \$40,000. Enter the result as a decimal (rounded to two places). Do not enter more than "1.00" . . . . .		<b>19</b>		×	
<b>20</b>	Multiply line 16 by line 19 . . . . .		<b>20</b>			
<b>21</b>	Subtract line 20 from line 16 . . . . .		<b>21</b>			
<b>22</b>	<b>Excluded benefits.</b> Enter the <b>smaller</b> of line 16 or line 21 . . . . .					<b>22</b>
<b>23</b>	<b>Taxable benefits.</b> Subtract line 22 from line 14. Also, include this amount on Form 1040, line 7, or Form 1040A, line 7. On the line next to line 7, write "AB" . . . . .					<b>23</b>

**Next**, complete Form 1040 through line 41 or Form 1040A through line 24b.  
**Then**, if the total adoption expenses you paid in 1997 were not fully reimbursed by your employer **AND** the adoption was final in or before 1997, you may be able to claim the adoption credit. Fill in Part II on the front of this form to see if you can.

