

TITLE 12—DEPARTMENT OF REVENUE
Division 10—Director of Revenue
Chapter 2—Income Tax

12 CSR 10-2.725 Foster Parent Tax Deduction

PURPOSE: This rule interprets and implements the foster parent tax deduction provided in section 143.1170, RSMo.

(1) The maximum deduction allowed by section 143.1170, RSMo, is five thousand dollars (\$5,000) per tax return, regardless of filing status, except that individuals with a filing status of married filing separately are allowed a maximum of only two thousand five hundred dollars (\$2,500) per individual taxpayer.

(A) Example: For the entire year of 2023 (365 days), John and Jane Smith both provided care to a child as foster parents as defined under section 210.566, RSMo. John and Jane Smith file a Missouri income tax return using the filing status of married filing combined. John has expenses incurred directly in providing care as a foster parent in the amount of \$6,000, and Jane has incurred such expenses in the amount of \$5,500. On their combined Missouri income tax return for 2023, John and Jane may only take a deduction under section 143.1170, RSMo, of \$5,000.

(B) Example: Same as the above, except that John and Jane Smith use the filing status of married filing separately. On his 2023 Missouri income tax return, John may take a deduction under section 143.1170, RSMo, of only \$2,500, and Jane may take a deduction under section 143.1170, RSMo, of only \$2,500.

(C) Example: Same as the above, with John and Jane Smith using the filing status of married filing separately, except that in 2023 John has expenses incurred directly in providing care as a foster parent in the amount of \$4,000 and Jane has only \$1,500 in such expenses. On his 2023 Missouri income tax return, John may only take a deduction under section 143.1170, RSMo, of \$2,500. On her 2023 Missouri income tax return, Jane may only take a deduction under section 143.1170, RSMo, of \$1,500.

(2) The maximum deduction limit to be allowed on a tax return is calculated as follows. The cumulative number of full days during which foster care was provided shall be totaled, and this total shall be divided by one hundred eighty-three (183) days. If the result equals or exceeds one (1), the maximum deduction can be allowed. If the result is less than one (1), round the result to the nearest two decimal places and multiply it by five thousand dollars (\$5,000) (or two thousand five hundred dollars (\$2,500) if married filing separately) to arrive at the maximum deduction that can be allowed on the return.

(A) Example: During the year 2023, Jane Smith, whose filing status is single, provides care as a foster parent, as defined under section 210.566, RSMo, to a child for 20 days in August, 20 days in September, and 20 days in December. Jane Smith totals these days to arrive at the sum of 60 days during which she provided foster care. Jane Smith then

divides these 60 days by 183 days, to arrive at a result rounded to 0.33. This result is then multiplied by \$5,000 to arrive at \$1,650, the maximum deduction under section 143.1170, RSMo, that can be allowed on her tax return. Jane Smith directly incurred \$700 in providing care as a foster parent during 2023. Therefore, Jane Smith may deduct that \$700 on her 2023 tax return under section 143.1170, RSMo.

(B) Example: Same as the above, except that Jane Smith directly incurred \$8,000 in providing care as a foster parent during 2023. Because the maximum deduction that can be allowed on her return is \$1,650, she may only deduct \$1,650 on her 2023 tax return for these expenses under section 143.1170, RSMo.

(3) A taxpayer desiring to claim the foster care deduction shall file an affidavit with the taxpayer's income tax return affirming that the taxpayer is a foster parent and is entitled to the deduction in the amount claimed on the return. This affidavit may be in a form provided by the Department of Revenue. In addition, if a taxpayer receives a letter from the Department of Social Services stating the number of days during the year in which the taxpayer has provided care as a foster parent, the taxpayer shall attach a copy of that letter to the income tax return for the corresponding year in which this deduction is claimed.

(4) Expenses incurred directly by the taxpayer in providing care as a foster parent include but are not limited to the following examples, to the extent the below expenses were incurred directly by the taxpayer:

(A) Food purchased directly for the foster child; and

(B) Clothing purchased directly for the foster child.

(5) The following are examples of expenses that are not incurred directly by the taxpayer in providing care as a foster parent:

(A) The increase in household utility expenses (e.g., electricity expense) attributable to the provision of foster care;

(B) The purchase of a television or computer used by multiple members of the household in addition to the foster child;

(C) General transportation or food expense for the household; and

(D) Expenses paid for directly through a public assistance program or charitable program.

AUTHORITY: section 143.1170.5, RSMo Supp. 2022. Original rule filed Jan. 31, 2023, effective Aug. 30, 2023.*

**Original authority: 143.1170, RSMo 2021.*