

IRS Guidelines for Dependency

Under IRC Section 117(d), in order for a dependent child receiving a tuition exchange scholarship to be eligible for a tax exemption while enrolled in an undergraduate program, the child must be eligible to be claimed by the employee as either a Qualifying Child tax dependent or a Qualifying Relative tax dependent (Refer to the IRS definition under IRC Section 152) for the tax year the waiver is obtained.

1. *Qualifying Child – The child must meet all of the following:*
 - a. Is your child or step child (by blood or adoption), foster child, sibling or step sibling, or a descendant of such individual.
 - b. Is under age 19, or under age 24 and a full-time student, on the last day of the tax year, or is any age if totally and permanently disabled.
 - c. Does not provide over one-half of his or her own support.
 - d. Lives with you for more than six months of the year (temporary absences, such as for school, are treated as time at the same principal place of residence).

2. *Qualifying Relative – The individual must meet all of the following:*
 - a. Is related to you or lives with you all year as a member of your household.
 - b. Whose gross income for the tax year is less than the exemption amount (for example \$3,950 in 2014).
 - c. Receives more than one-half of his or her support from you.
 - d. Is not your “qualifying child” or the “qualifying child” of any other taxpayer.

Exceptions:

1. Any individual treated as a dependent for a given tax year cannot be treated as having any dependents of their own for such year.
2. The term “dependent” does not include married individuals who have filed a joint tax return for the applicable tax year.
3. The term “dependent” does not include an individual who is not a citizen or national of the United States unless the individual is a resident of the United States or a country contiguous to the United States.

Note: For purposes of the IRC Section 117(d), a dependent child of divorced parents may be treated as the tax dependent of both parents.

For additional questions related to the tax implications, please consult your tax advisor.

For more information regarding the tuition exchange program, please refer to the [tuition exchange program guidelines](#) located on our [benefits website](#).

For questions, contact the Benefits Department at 312-362-8232 or hrhelp.depaul.edu