

Head of Household Filing Status Information

Head of Household (HOH) is one of the most misunderstood (and most valuable) filing statuses. It offers a **higher standard deduction** and **better tax brackets** than filing Single, but you have to meet *specific* tests.

Here's the breakdown 🗨️

◆ Head of Household Qualification Tests (2025 rules)

To file as **Head of Household**, you must meet **all** of the following:

1 You are unmarried or considered unmarried on the last day of the year.

- You're *legally single, divorced, or separated* under a decree.
- OR "considered unmarried" if you lived apart from your spouse for the last **6 months** of the year.

2 You paid more than half the cost of keeping up your home for the year.

That means **you personally** paid over 50% of:

- Rent or mortgage interest
- Property taxes
- Utilities
- Repairs/maintenance
- Home insurance
- Food consumed *in the home*

(You can't count child support received from your ex as "you" paying household costs.)

3 A qualifying person lived with you more than half the year.

Usually this means:

- **Your child**, stepchild, or adopted child (must be your dependent, unless the other parent releases the exemption via Form 8332).
- **Other qualifying relatives** (like a parent, if you pay >50% of their support — they don't have to live with you if you maintain their home elsewhere).

✦ Example

Suzie is divorced, she pays all the household expenses, and her son lives with her 60% of the time.

- ✓ Unmarried
- ✓ Pays >50% of household costs
- ✓ Son lives with her >½ the year → *she qualifies as Head of Household*.

If Suzie's ex-husband, Bob, had the child less than half the year, even if he pays child support, ✗ he cannot claim HOH.

◆ Benefits

- 2025 Standard Deduction: **\$21,900** (vs. \$14,600 Single).
- Wider tax brackets before hitting higher rates.
- Access to certain credits (Child Tax Credit, EIC, etc.).

✓ In short:

To claim **Head of Household**, you must:

1. Be unmarried (or "considered unmarried").
2. Pay >50% of home upkeep.
3. Have a qualifying dependent live with you >½ the year.

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Dependency Credits & Divorce Rules

Credit / Status	Amount / Benefit	Refundable?	AGI Phaseout (Single / MFJ)	Who Claims?	Transferable (Form 8332)?
Dependency Exemption	\$0 (suspended 2018–2025 under TCJA)	N/A	N/A	Custodial parent (or higher AGI if 50/50)	✅ Yes
Child Tax Credit	Up to \$2,000 per child under 17	Partially (up to \$1,600 refundable in 2025)	\$200,000 / \$400,000	Whoever claims the dependent	✅ Yes
Childcare Credit	Up to \$3,000 (1 child) / \$6,000 (2+); typically 20%–35% of eligible expenses	Nonrefundable	Begins at \$125,000	Custodial parent only	❌ No
Earned Income Credit	Refundable credit for low/moderate income workers	✅ Yes	Phases out ~\$19K–\$63K depending on # of children	Custodial parent only (even if 8332 signed)	❌ No
Saver's Credit	10%–50% of retirement contributions, up to \$1,000 (\$2,000 MFJ)	Nonrefundable	\$38,250 / \$76,500	Taxpayer making contribution	❌ No
AOTC (American Opportunity Tax Credit)	Up to \$2,500 per student (first 4 years undergrad; 40% refundable up to \$1,000)	Partially	\$80–90K / \$160–180K	Whoever claims the student as dependent	✅ Yes
LLC (Lifetime Learning Credit)	Up to \$2,000 per return (20% of \$10,000 qualified expenses)	Nonrefundable	\$80–90K / \$160–180K	Whoever pays qualified expenses & claims dependent	✅ Yes
Head of Household	Higher standard deduction (\$21,900 vs \$14,600 in 2024) & better brackets	N/A	N/A	Custodial parent (higher AGI in 50/50 tie)	❌ No

Notes & Explanations

Refundable vs. Nonrefundable Credits

- **Refundable Credit:** You can receive the credit even if it reduces your tax bill below \$0. (The IRS sends you the difference as a refund.)
Example: Earned Income Credit (EIC) or part of the Child Tax Credit.
- **Nonrefundable Credit:** Can only reduce your tax owed to \$0 - no refund beyond that.
Example: Childcare Credit or Saver's Credit.

Childcare Credit

- Covers a percentage of qualifying childcare expenses **you pay so you can work or look for work.**
- Maximum eligible expenses: **\$3,000 for one child, \$6,000 for two or more.**
- Credit = **20%–35% of those expenses**, depending on income.
 - Most higher earners qualify for **20%**, so typically up to **\$600 (1 child) or \$1,200 (2+ children)** credit.
- Only the **custodial parent** can claim this credit, even if the other parent pays childcare directly.

Form 8332

- Used when the **custodial parent releases the right** to claim the child as a dependent (allowing the noncustodial parent to claim certain credits like the **Child Tax Credit** or **AOTC**).
- It does **not** transfer Head of Household, Earned Income Credit, or Childcare Credit - those stay with the custodial parent.

Quick Reference Example

- Suzie is the custodial parent → she can claim **HOH, Childcare Credit, and EIC** (if eligible).
- Bob (noncustodial) can claim **Child Tax Credit** or **AOTC** *only* if Suzie signs Form 8332.

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