

Family, Home, and Job: Tax Strategies for Supporting Your Parents

Filing Guide

If you treat your parents' home as your second home, report mortgage interest and property taxes you pay on [Schedule A](#). If you treat it as rental property, report rental income and expenses on [Schedule E](#).

File [Form 2210](#) to claim a multiple support declaration.

IRS Publication 501:
[Exemptions, Standard Deduction, and Filing Requirements](#)

IRS Publication 527:
[Residential Real Estate](#)

IRS Publication 502:
[Medical and Dental Expenses](#)

Tax Savers

You can claim your parent as a dependent if you meet the usual support, citizenship, gross income, and joint return tests. If you're single, you can file as head of household if you claim your parent or pay more than half the cost of keeping them in a rest home or home for the elderly.¹

Land Mines

Long-term care insurance premiums eligible as a medical deduction are capped, as follows:

LT Care Premiums (2024)	
Parent Age	Annual Limit
40 or less	\$480
41 - 50	\$890
51 - 60	\$1,790
61 - 70	\$4,770
Over 70	\$5,960

Sources

¹Regs. §1.2-2(b)(4)

Finance Your Parents' Home

If your parents' home is paid off and offers no deductions beyond property taxes, their total itemized deductions may not be more than their standard deduction. In this case, consider buying or financing their home:

- You can treat it as your second home and deduct mortgage interest and property taxes you pay so long as your name is on the loan.
- You can buy the home (for fair market value), lease it back to them (again, for fair market value) and treat it as a rental. Net losses are deductible if you qualify for the rental real estate loss allowance or "real estate professional" status.

Example: Mom's house is worth \$100,000. You buy it for \$1,000 down and Mom finances the rest at 6% for 30 years. You'll pay \$593.56 per month for principal and interest, plus whatever needed for taxes, maintenance, and insurance. You can lease it back for \$600-800 to break roughly even.

Deduct Medical Expenses for Your Parent

If you claim your parent as a dependent, you can deduct medical expenses you pay on your parent's behalf (including long-term care costs) on your own return. If you're single, claiming your parent may let you file as head of household, even if your parent lives in a nursing home.

Consider a Multiple Support Declaration

A multiple support declaration lets you claim your parent as a dependent even if you don't provide more than half of their support. This is a smart strategy when two or more siblings help support a parent. Here's how it works:

- You have to provide more than 10% of the person's support.
- You and the other contributors jointly have to provide more than half of the person's support.
- Each of the other contributors has to be eligible to claim the person as a dependent, except that they did not provide more than half of the support.
- Each of the other contributors has to sign the Multiple Support Declaration giving you the exemption.