

B. Extension and Expansion of Adoption Tax Benefits

The conference agreement permanently extends the adoption credit for children other than special needs children- The maximum credit is increased to \$10,000 per eligible child, including special needs children. A \$10,000 credit is provided in the year a special needs adoption is finalized regardless of whether the taxpayer has qualified adoption expenses. The beginning point of the income phase-out range is increased to \$150,000 of modified adjusted gross income. Finally, the adoption credit is allowed against the alternative minimum tax **permanently**.

The conference agreement permanently extends the exclusion from income for employer-provided adoption assistance. The maximum exclusion is increased to \$10,000 per eligible child, including special needs children. In the case of a special needs adoption, the exclusion is provided regardless of whether the taxpayer has qualified adoption expenses. The beginning point of the income phase-out range is increased to \$150,000 of modified adjusted gross income. The conference agreement generally is effective for taxable years beginning after December 31, 2001. The provisions that extend the tax credit and exclusion from income for special needs adoptions regardless of whether the taxpayer has qualified adoption expenses are effective for taxable years beginning after December 31, 2002.