

Tax Tip
Week of November 7, 2011

Extension of Kiddie Tax

The kiddie tax applies to “split income” situations when children acquire shares, normally in a company controlled by a parent. Any dividends received by the child are subject to an additional tax known as the “kiddie” tax. Effective March 22, 2011, this additional tax also applies to any capital gains realized by the child on the eventual sale of their shares.