How Major Life Events Affect Your Tax Filing

Life doesn't stand still, and neither does your tax situation. Major life events can significantly impact how you file your tax return, what deductions you can claim, and even which forms you need to complete. Understanding these changes helps ensure accurate filing and maximizes potential tax benefits.

Marriage:

Getting married changes your filing status options immediately. If you're married on December 31, 2025, the IRS considers you married for the entire year. You can no longer file as Single and must choose between Married Filing Jointly or Married Filing Separately. In most cases, filing jointly provides better tax benefits, but there are situations where separate filing makes sense. Note that registered domestic partnerships and civil unions not considered marriages under state law don't qualify for married filing status for federal purposes.

Birth or Adoption of a Child:

Welcoming a new child into your family brings joy and tax implications. A child born or adopted during the year can be claimed as a dependent, potentially qualifying you for the Child Tax Credit and other benefits. Even if a child was born late in the year or passed away during the year, they're treated as having lived with you more than half the year if your home was their home for more than half the time they were alive. An adopted child is always treated as your own child, including children lawfully placed with you for legal adoption [2]. You'll need to provide the child's Social Security Number and indicate their relationship to you on your return.

Divorce or Legal Separation:

Ending a marriage affects your filing status and dependency claims. If you're legally separated under a final decree of divorce or separate maintenance on December 31, you can file as Single. An interlocutory decree doesn't count as final for this purpose. You might also qualify for Head of Household status if you meet certain requirements. Remember that relationships established by marriage don't end for tax purposes at divorce, which can affect dependency rules for stepchildren.

Death of a Spouse or Family Member:

Losing a loved one is difficult, and understanding the tax implications shouldn't add to the burden. If your spouse died during 2026 and you didn't remarry, you can still file jointly for 2026. If your spouse died before January 1, 2026, and you didn't remarry in 2026, you would file as Single unless you qualify for Qualifying Surviving Spouse status. The death of a dependent child also has special rules for claiming them on your return.

Dependent Going to School:
When your dependent becomes a full-time student, it can extend their eligibility as a qualifying child. A child qualifies as a full-time student if they were enrolled as such during some part of each of any five calendar months.

This information is provided to you by Arrowhead Tax Service. We make every effort to provide honest and accurate tax information. Please use your discretion before making any decisions based on the information provided, every tax situation is different. If you have any questions, please visit our office or call us at 937-543-5770.