

Fact Sheet

Module 9: Tax Credit for Child and Dependent Care Expenses

A tax credit is a dollar-for-dollar reduction of the tax. The tax credit for child and dependent care expenses allows taxpayers to claim a credit for expenses paid for the care of children under age 13 and for a disabled spouse or dependent. In order to claim the credit, the taxpayer, child or dependent, and expenses must meet numerous requirements. The maximum amount of qualifying expenses is \$3,000 for one qualifying person and \$6,000 for two or more qualifying persons. The credit is between 20 and 35 percent of the qualifying expenses.

Child and Dependent Care Expenses



2011

Attachment Sequence No. **21**

Department of the Treasury
Internal Revenue Service (99)

▶ Attach to Form 1040, Form 1040A, or Form 1040NR.

▶ See separate instructions.

2441

Name(s) shown on return

Your social security number

Part I Persons or Organizations Who Provided the Care—You must complete this part. (If you have more than two care providers, see the instructions.)

1	(a) Care provider's name	(b) Address (number, street, apt. no., city, state, and ZIP code)	(c) Identifying number (SSN or EIN)	(d) Amount paid (see instructions)

Did you receive dependent care benefits? **No** → Complete only Part II below.
 Yes → Complete Part III on the back next.

Caution. If the care was provided in your home, you may owe employment taxes. If you do, you cannot file Form 1040A. For details, see the instructions for Form 1040, line 59, or Form 1040NR, line 58.

Part II Credit for Child and Dependent Care Expenses

2 Information about your **qualifying person(s)**. If you have more than two qualifying persons, see the instructions.

(a) Qualifying person's name		(b) Qualifying person's social security number	(c) Qualified expenses you incurred and paid in 2011 for the person listed in column (a)
First	Last		

3 Add the amounts in column (c) of line 2. **Do not** enter more than \$3,000 for one qualifying person or \$6,000 for two or more persons. If you completed Part III, enter the amount from line 31

4 Enter your **earned income**. See instructions

5 If married filing jointly, enter your spouse's earned income (if your spouse was a student or was disabled, see the instructions); **all others**, enter the amount from line 4

6 Enter the **smallest** of line 3, 4, or 5

7 Enter the amount from Form 1040, line 38; Form 1040A, line 22; or Form 1040NR, line 37.

8 Enter on line 8 the decimal amount shown below that applies to the amount on line 7

If line 7 is:

Over	But not over	Decimal amount is
\$0—15,000		.35
15,000—17,000		.34
17,000—19,000		.33
19,000—21,000		.32
21,000—23,000		.31
23,000—25,000		.30
25,000—27,000		.29
27,000—29,000		.28

If line 7 is:

Over	But not over	Decimal amount is
\$29,000—31,000		.27
31,000—33,000		.26
33,000—35,000		.25
35,000—37,000		.24
37,000—39,000		.23
39,000—41,000		.22
41,000—43,000		.21
43,000—No limit		.20

9 Multiply line 6 by the decimal amount on line 8. If you paid 2010 expenses in 2011, see the instructions

10 Tax liability limit. Enter the amount from the Credit Limit Worksheet in the instructions.

11 **Credit for child and dependent care expenses.** Enter the **smaller** of line 9 or line 10 here and on Form 1040, line 48; Form 1040A, line 29; or Form 1040NR, line 46

Taxpayer Requirements

The taxpayer must:

- Incur expenses in order to work or look for work.
- Earn income for work performed during the year (there is an exception).
- File a joint return, if married (there is an exception).
- Maintain a home that was also the home of a qualifying person.
- Pay the expenses to someone other than the taxpayer's child under age 19 or the taxpayer's dependent claimed on the tax return.

Child or Dependent Requirements

A qualifying person is one of the following:

- child, under the age of 13, for whom a dependency exemption is claimed;
- dependent, or a person who could be claimed as a dependent if his or her gross income was less than the exemption amount, who is physically or mentally incapable of self-care; or
- spouse who is physically or mentally incapable of self-care.

Expense Requirements

Qualified expenses include

- household services and
- care services.