Form **2441**
Department of the Treasury
Internal Revenue Service

Credit for Child and Dependent Care Expenses

▶ Attach to Form 1040. ▶ See Instructions below.

1980
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Name(s) as shown on Form 1040 | Your social security number

1 See the definition for "qualifying person" in the instructions. Then read the instructions for line 1.

(a) Name of qualifying person	(b) Date of birth	(c) Relationship	(d) During 1980, the person lived with you for: Months	Days

2 Persons or organizations who cared for those listed on line 1. See the instructions for line 2.

(a) Name and address (If more space is needed, attach schedule)	(b) Social security number, if applicable	(c) Relationship, if any	(d) Period of care From Month—Day	To Month—Day	(e) Amount of 1980 expenses (include those not paid during the year)

To Figure Your Credit, You MUST Complete ALL Lines That Apply

3 Add the amounts in column 2(e) 3

4 Enter $2,000 ($4,000 if you listed two or more names in line 1) or amount on line 3, whichever is less 4

5 Earned income (wages, salaries, tips, etc.). See the instructions for line 5. An entry MUST be made on this line.

(a) If unmarried at end of 1980, enter your earned income . . . 5

above because these costs cannot be counted in figuring the credit.

You can count care provided outside your home if the care was for your dependent under age 15.

You can claim medical expenses you paid for the qualifying person if you paid them so you could work or look for work. If you itemized deductions, you may want to take all or part of these expenses on Schedule A. For example, if you can't take all of the medical expenses on Form 2441 because your costs for care have reached the limit ($2,000 or $4,000), you can take the rest of the medical expenses on Schedule A. If you show all of the medical expenses on Schedule A, you cannot take on Form 2441 that part you could not deduct on Schedule A because of the 3-percent limit.

To Take This Credit.—You must file Form 1040, not Form 1040A, and you must meet **all** of the tests listed below.

(1) You paid for child and dependent care so you (and your spouse if you were married) could work or look for work.

(2) One or more qualifying persons lived in your home.

(3) You (and your spouse if you were married) paid more than half the cost of keeping up your home. This cost includes rent or mortgage payments; utility charges; maintenance and repairs; property taxes and property insurance; and food costs (but not dining out).

(4) You must file a joint return if you were married. There are two exceptions to this rule. You can file a separate return if:

(a) You were legally separated; or

(b) You were living apart and:

- The qualifying person lived in your home for more than 6 months; and
- You paid more than half the cost of keeping up your home; and
- Your spouse did not live in your home during the last 6 months of your tax year.

(5) You paid someone, other than your spouse or a person for whom you could claim a dependency exemption, to care for the qualifying person.

You are allowed to pay a relative, including a grandparent, who was not your dependent. If the relative is your child, he or she must also have been 19 or over by the end of the year.

Child Custody Test.—If you were divorced, legally separated, or separated under a written agreement, your child is a qualifying person if you had custody for the longer period during 1980. The child must also have:

- Received over half of his or her support from the parents, and
- Been in the custody of one or both parents for more than half of 1980, and
- Been under 15, or physically or mentally unable to care for himself or herself.

Credit Limit.—The credit is generally 20% of the amount you paid someone to care for the qualifying person. The most you can figure the credit on is $2,000 a year for one qualifying person ($4,000 for two or more).

Line-by-Line Instructions

Line 1.—*In column (a)* list the name of each qualifying person who was cared for during 1980 so you could work or look for work. In column (b) show the date of birth of each person. In column (c) show that person's relationship to you (for example: son or daughter). In column (d) show the number of months and days each person lived in your home during 1980. Count only the times when the person was qualified.

Line 2.—*In column (a)* show the name and address of the person or organization who cared for each qualifying person. If you listed a person who was your employee and who provided the care in your home, then in column (b) enter that person's social security number. Leave column (b) blank if the person: was not your employee; was self-employed; was an employee of an organization or a partnership; or did not provide the care in your home.

In column (c) write none if the person who provided the care was not related to you. If the care was provided by a relative, show the relationship to you. See definition of relative on the front of the form.

In column (d) show the period of time each person or organization provided care.

In column (e) list the amount of your 1980 expenses including those not paid during the year.

Line 3.—Add the amounts in column 2(e) and enter the total.

Line 4.—Enter $2,000 ($4,000 if more than one person is listed on line 1) or the amount on line 3, whichever is less.

Line 5.—This line is used to figure your *earned income.* Generally, you can figure earned income using steps (a) through (c). If you are unmarried, enter your amounts from Form 1040 when they are needed for the steps below. If you are married, each spouse's earned income will have to be figured separately and without regard to community property laws.

(a) Enter one spouse's income from Form 1040, line 8 . . .	_____
(b) Enter the same spouse's net profit or (loss) from Schedule C or Schedule F (Form 1040) if applicable	_____
(c) Combine amounts on lines (a) and (b). (If the result is zero or less, enter zero.) . . .	_____

If you are unmarried, enter the amount from (c) on line 5. If you are married, go back and figure the other spouse's earned income using steps (a) through (c). Decide which spouse had the lower earned income. Enter that amount on line 5.

If your spouse was a full-time student or not able to care for himself or herself, use the greater of your spouse's monthly earned income or $166 ($333 if you listed two qualifying persons on line 1(a)) to determine his or her total income for the year.

If, in the same month, both you and your spouse were full-time students and did not work, you cannot use any amount paid that month to figure the credit. The same applies to a couple who did not work because neither was capable of self-care.

Line 6.—Enter the amount from line 4 or line 5, whichever is smaller.

Line 7.—How much of the amount on line 6 did you pay in 1980? Enter this amount on line 7. Do not list any amounts for 1980 that you did not pay until 1981.

Line 8.—If you had child and dependent care expenses for 1979 that you did not pay until 1980, add them and enter the total on this line. Be sure the total is not over your 1979 limit. Attach a sheet similar to the example below, showing how you figured the amount you are carrying over to 1980.

Example: In 1979 you had child care expenses of $2,100 for your 12-year-old son. For one child, you were limited to $2,000. Of the $2,100, you paid $1,800 in 1979 and $300 in 1980. Your spouse's earned income of $5,000 was less than your earned income. You would be allowed to figure a credit on $200 in 1980, as follows:

(1)	1979 child care expenses paid in 1979 .	$1,800
(2)	1979 child care expenses paid in 1980 .	300
(3)	**Total**	2,100
(4)	Limit for one qualifying person . . .	2,000
(5)	Earned income reported in 1979 . . .	5,000
(6)	Smaller of line 3, 4, or 5	2,000
(7)	Subtract child care expenses on which credit was figured in 1979	1,800
(8)	1979 child care expenses carried over for credit this year (1980)	$ 200

Line 9.—Add lines 7 and 8 and enter the total on line 9.

Line 10.—Multiply the amount on line 9 by 20% and enter the result on line 10.

Line 11.—Your credit for child and dependent care expenses cannot be more than your tax after subtracting certain credits. To figure the allowable credit, enter your tax from Form 1040, line 37, on line 11a. Add the amounts, if any, you entered on Form 1040, lines 38, 39, and 41 through 43. Enter the total of these lines on line 11b. Subtract line 11b from 11a and enter the difference on line 11c. If line 11b is more than line 11a, enter zero on line 11c.

Line 12.—Enter the smaller of line 10 or 11c on this line and Form 1040, line 40. This is your credit for child and dependent care expenses.

Line 13.—On line 13(a), check the yes box if you paid cash wages to an employee for household services. Check the no box if you did not. In general, if you paid cash wages of $50 or more in a calendar quarter for household services to a person such as a cook, housekeeper, governess, maid, cleaning person, babysitter, etc., you must file an employment tax return. If you are not sure whether you should file an employment tax return, ask the Internal Revenue Service or get Form 942, Employer's Quarterly Tax Return for Household Employees. **Note:** *You should file a Form 940, Employer's Annual Federal Unemployment Tax Return, for 1980 by February 2, 1981, if you paid cash wages of $1,000 or more for household services in any calendar quarter in 1979 or 1980.*

On line 13(b), check the yes box if you have filed appropriate wage tax returns. Check the no box if you have not.

On line 13(c), enter your employer identification number if you checked the yes box on line 13(b).

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