<table>
<thead>
<tr>
<th>Monthly amounts incurred for employment-related expenses in the household (See General Instruction B and Specific Instructions for line 1):</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Dependent under age 15</td>
</tr>
<tr>
<td>(b) Disabled dependent</td>
</tr>
<tr>
<td>(c) Disabled spouse</td>
</tr>
</tbody>
</table>

| Monthly amounts incurred for services outside the household for care of dependents under age 15. Enter lesser of amount incurred, or $200 for one, $300 for two, or $400 for three or more. |

| Total (Add lines 1(a), 1(b), 1(c), and 2)                        |

| If you entered employment-related expenses for a disabled dependent on line 1(b), above, and the combined amount of adjusted gross income and disability payments received this year by that dependent is in excess of $750, divide the excess over $750 by the number of months for which you have listed amounts on line 1(b). Enter this result or the monthly amount on line 1(b), whichever is smaller, in each monthly column in which an amount is listed on line 1(b) (See Specific Instructions for lines 4 and 5) |

| If you entered employment-related expenses for a disabled spouse on line 1(c), above, and your disabled spouse received disability payments, divide the total disability payments received this year by the number of months for which you have listed amounts on line 1(c). Enter this result or the monthly amount on line 1(c), whichever is smaller, in each monthly column in which an amount is listed on line 1(c) (See Specific Instructions for lines 4 and 5) |

| Total (Add lines 4 and 5)                                      |

| Subtract line 6 from line 3                                      |

| Monthly limitation.                                              |

| Enter lesser of line 7 or line 8                                  |

| If your adjusted gross income (Form 1040, line 15) is larger than $18,000, divide the amount over $18,000 by 24. Enter this result in each monthly column in which you have an amount listed on line 3. |

| Subtract line 10 from line 9. If line 10 is greater than line 9, enter a zero. |

| Add amounts on line 11 and enter total here                       |

| Total amounts listed on line 11 paid during this taxable year or a prior taxable year (see Specific Instructions for line 13). |

| Enter lesser of line 12 or line 13                                 |

| Deductible household and dependent care expenses incurred in prior taxable year not paid until this taxable year (Attach schedule showing computation of deduction—see Specific Instructions for line 15). |

| Allowable deduction this taxable year (Add lines 14 and 15). Enter total here and include on Schedule A (Form 1040), line 32. |

Have appropriate wage tax returns on wages paid for services in the home (line 1 above) been filed? (For information, see Form 942 instructions).
General Instructions

A. Who May Claim This Deduction.—If you maintain a household which includes as a member one or more qualifying individuals (See Specific Instructions for line 1), you may be allowed a deduction for employment-related expenses incurred for that household.

You will be treated as maintaining a household for any year only if you furnish over half the total costs of maintaining the household for that year. If you are married for a year and your spouse must provide over half the maintenance cost for that year.

B. Employment-related Expenses.—"Employment-related expenses" are those paid for the following, but only if paid to enable you to be gainfully employed:

(1) Expenses for household services.—Expenses will be considered for household services in your home if they are for the ordinary and usual services necessary for the operation of the home, and bear some relationship to the qualification for the exemption. Payment of laborers for a domestic maid or cook will ordinarily be considered expenses for household services if performed for the benefit of the individual qualifying for the exemption.

(2) Expenses for the care of a qualifying individual.—Expenses will be considered for the care of one or more qualifying individuals if their care is needed to assure that individual's well-being and protection. Payments for food, clothing, education, medical treatment, vacations, life insurance, and transportation.

C. Special Rules.—(1) Married couples must file joint returns.—If you are married at the end of the taxable year, the deduction for employment-related expenses to which you are entitled may be taken by either you or your spouse if a joint return is filed.

(2) Gainful employment requirement.—If you are married for any period during the taxable year, take into account employment-related expenses incurred during any month of the year only if:

(a) Both you and your spouse are gainfully employed on a substantially full-time basis (three-quarters or more of the normal work week or the equivalent during the month) and are actually seeking gainful employment, or

(b) Your spouse is physically or mentally incapable of self-care.

Self-employment of a former gainful employment for the purpose of this deduction.

(3) Payments to a related individual.—In computing your deduction you may not include payments to your spouse (except for a cousin or any relative not listed below) or to a dependent household member. For this exclusion, a relative of yours or your spouse is any relative of the taxpayer and their descendants; stepson or stepdaughter; brother; sister; stepbrother, stepsister; or other relative who is married to the taxpayer or a son-in-law, daughter-in-law, father-in-law, mother-in-law, brother-in-law, sister-in-law.

D. Child Care Deduction vs. Medical Ex- pense Deduction.—A deduction may be claimed for the employment-related expenses as both employment-related and medical, but you may treat it either way, as long as you do not deduct it twice. If you treat the expense as employment-related, then any part of it that you cannot deduct because of the maximum $400 monthly limitation can be treated as part of your medical expenses.

If you treat the expense as medical, then the part of it that is not deductible because of the $3,000 medical deduction limitation cannot be part of your employment-related expenses.

E. Short-year Filers.—If your return covers a period of less than 12 months, consult the Internal Revenue Service for information concerning medical or employment-related expenses.

F. Fiscal Year 1975–76 Filers.—If your fiscal year began after March 29, 1975, change $18,000 where it appears on line 10 to read $35,000.

G. Marital Status.—If you are married but not living together with your spouse for the taxable year or your marital status changed during the year, consult the Internal Revenue Service to determine the rules that pertain to you.

H. Employer Identification Number.—If you filed wage tax returns for household employees, enter your employer identification number in addition to your social security number.

I. Publication 503.—For more information, see Publication 503, Child Care and Disabled Dependent Care, available free from Internal Revenue Service offices.

Specific Instructions

Line 1.—Enter your monthly employment-related expenses for the following qualifying individuals:

(a) A dependent under age 15 whom you can claim as an exemption; or

(b) A person who is physically or mentally incapable of self-care whom you can claim as an exemption.

Enter the expenses for that dependent on line 1(a), even if the dependent also qualifies as a dependent child, as a dependent child.

A person who is physically or mentally incapable of self-care may be entitled to the exemption if:

(1) You are entitled to claim the exemption; or

(2) You are entitled to claim the exemption if the person had gross income of $750 or more.

(3) $400, in the case of three or more individuals.

Lines 4 and 5.—Reduction for Certain Payments.—If you incurred employment-related expenses during a month solely for a physically or mentally incapable dependent (see line 1(b)) or for your disabled spouse (see line 1(c)) reduce the monthly employment-related expenses as follows:

(1) Disabled dependent—by the dependent's adjusted gross income and disability payments received during the taxable month that exceed $750 allowable to that month.

(2) Disabled spouse—by your spouse's disability payments received during the taxable year allocable to that month.

If you have more than one qualifying disabled individual and you are required to reduce your employment-related expenses for line 4 or 5 for at least one of them, you should complete lines 1–7 only of a separate Form 2441 for each qualifying individual. On line 7 of another Form 2441, enter the total of the amounts listed on line 7 of each of the separate Forms 2441. At the bottom of the form which applies to you, fill in: "See attached separate Form 2441.""Disability payment" means a payment (other than a gift) made on account of the physical or mental condition of an individual and not included in gross income.

Example.—You have a dependent over age 15, and a spouse. Both are physically incapable of self-care, and you have incurred employment-related expenses of $50 solely for the care of the dependent, $100 solely for the care of the dependent child and $250 for household services for both. You must allocate the $150 of monthly household expenses half to the dependent and half to your spouse. Accordingly, the total of the employment-related expenses of $125 are attributable to the dependent, and monthly employment-related expenses of $25 are attributable to your spouse.

The monthly expenses attributable to each must be reduced as provided in line 4 and line 5.

Line 8.—The $400 amounts printed on line 8 show the monthly limit for deductible amounts. A deduction is allowable for employment-related expenses INCURRED during the month but not paid for during the month or year, whether or not paid. However, to be deductible the expenses must be paid during the taxable year and must be within the limitations.

Line 10.—If your adjusted gross income is less than $18,000, enter a zero on this line. If your adjusted gross income exceeds $18,000 for the year, enter the amount of the monthly employment-related expenses or the monthly limitation, whichever is the lesser, by 1/24 of the excess adjusted gross income over $18,000. If you are a disabled person or a dependent of the taxable year, you should take into account the combined adjusted gross income of you and your spouse for that period.

Line 13.—If in a prior year you paid for an employment-related expense not incurred until this year, consider the payment in the prior year as being paid during this year in the month you incurred the expense.

Line 15.—Household and dependent care expenses incurred in December 1974 may be deductible in 1975. If you paid for expenses in 1975 that you incurred in 1974, a deduction is allowable if you meet the requirements for deductions for the month you incurred the expenses.

Example.—In December 1974, you incurred employment-related expenses of $500 for your 14-year-old dependent. You paid $300 of the expenses in December 1974, and $200 of the expenses in January 1975. If your adjusted gross income for the year was $17,000, you would be allowed a deduction for December 1974 expenses of up to $500. You would be allowed a $100 deduction on line 15 for 1975, computed at 1/24 of $17,000.

Household and dependent care expenses incurred in 1974

$500

Monthly limitation

$18,000

Income limitation

$0

Deduction

$0

Less deduction

$0

Deduction 1975

$100


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