

Expenses for Household and Dependent Care Services

1975

▶ Attach to Form 1040 (See instructions on back)

Name(s) as shown on Form 1040

Your social security number

Employer identification number (see instruction H)

	January	February	March	April	May	June	July	August	September	October	November	December
1 Monthly amounts incurred for employment-related expenses in the household (See General Instruction B and Specific Instructions for line 1):												
(a) Dependent under age 15												
(b) Disabled dependent												
(c) Disabled spouse												
2 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												
3 Total (Add lines 1(a), 1(b), 1(c), and 2)												
4 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)												
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)												
6 Total (Add lines 4 and 5)												
7 Subtract line 6 from line 3												
8 Monthly limitation	400.00	400.00	400.00	400.00	400.00	400.00	400.00	400.00	400.00	400.00	400.00	400.00
9 Enter lesser of line 7 or line 8												
10 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												
11 Subtract line 10 from line 9. If line 10 is greater than line 9, enter a zero												
12 Add amounts on line 11 and enter total here												
13 Total amounts listed on line 11 paid during this taxable year or a prior taxable year (see Specific Instructions for line 13)												
14 Enter lesser of line 12 or line 13												
15 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)												
16 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) Yes No

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 PAID during the taxable year.

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

The expenses of maintaining a household include property taxes, mortgage interest, rent, utility charges, upkeep and repairs, property insurance, and food consumed on the premises. They do not include the cost of clothing, education, medical treatment, vacations, life insurance, and transportation.

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 qualifying individual. Thus, payment for services of a domestic maid or cook will ordinarily be considered expenses for household services if performed at least partially for the benefit of the qualifying individual. Payments for services of an individual employed predominantly as a chauffeur, bartender, or gardener will not be considered expenses for household services.

(2) *Expenses for the care of a qualifying individual.*—Expenses will be considered for the care of one or more qualifying individuals if their main purpose was to assure that individual's well-being and protection. Payments for food, clothing, or education are not such expenses. However, if the care provided includes expenses that cannot be separated, the full amount paid will be considered for the qualifying individual's care. Thus, the full amount paid to a nursery school will be considered for the care of a child even though the school also furnishes lunch. Educational expenses for a child in the first or higher grade level are not expenses for the child's care.

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 is allowable only if you and your spouse file a joint return for the taxable year.

(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 that year only if:

- Both you and your spouse are gainfully employed on a substantially full-time basis (three-quarters or more of the normal or customary work week or the equivalent during the month) or actually seeking gainful employment, or
- Your spouse is physically or mentally incapable of self-care.

Self-employment is considered gainful employment for the purpose of this deduction.

(3) *Payments to a related individual.*—In computing your deduction you may not include payments made to a relative of yours or of 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 of your spouse includes: son or daughter and their descendants; stepson or stepdaughter; brother, sister, stepbrother, stepsister; father or mother and their ancestors; stepfather, stepmother; nephew, niece, uncle, aunt; son-in-law, daughter-in-law, father-in-law, mother-in-law, brother-in-law, sister-in-law.

D. Child Care Deduction vs. Medical Expenses Deduction.—If an expense qualifies as both employment-related and medical, 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 percent medical deduction limitation cannot be used as 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 computation of limitations.

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 with your spouse at the end of your 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 dependent under age 15 whom you can claim as an exemption. You should enter the expenses for that dependent on line 1(a), even if the dependent also qualifies as a disabled dependent, as described in (b) below.
- A person who is physically or mentally incapable of self-care whom you either:
 - are entitled to claim as an exemption (if under age 15, you should enter the expenses on line 1(a), instead of on this line); or
 - would be entitled to claim as an exemption except that the person had gross income of \$750 or more.
- Your spouse, if physically or mentally incapable of self-care.

Enter all your monthly employment-related expenses for household services on line 1(a) if those expenses benefited a dependent under age 15. This rule applies even if the expenses also benefited a disabled dependent, a disabled spouse, or a non-qualifying individual. For example, consider all the monthly wages paid a housekeeper who cares for your children, ages 9 and 16 years, cares for your disabled spouse, and performs regular household cleaning and cooking services, as employment-related expense includable on line 1(a).

If the services of the housekeeper were for two or more incapacitated qualifying individuals (none of whom are under age 15) divide the housekeeper's wages equally among the incapacitated individuals. See example under Specific Instructions for lines 4 and 5.

If the monthly employment-related expenses for household expenses benefited a qualifying individual, do not allocate any part of the expenses to non-qualifying individuals.

You must determine on a daily basis whether a person is a qualifying individual. For example, if you incurred employment-related expenses for the care of your dependent or spouse who ceases to be a qualifying individual on September 16, treat the dependent or spouse as a qualifying individual through September 15 only.

Line 2.—You may include employment-related expenses incurred for services outside your household, such as nursery school expenses, if they are for the care of a dependent under age 15 whom you can claim as an exemption, subject to the following limitations for each month:

- \$200, in the case of one individual,
- \$300, in the case of two individuals, and

(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 amount of those expenses as follows:

- Disabled dependent*—by the dependent's adjusted gross income and disability payments received during the taxable year which exceed \$750 allocable to that month.
- 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 employment-related expense on 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 disabled 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 on which you list the totals, write “See attached separate Forms 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 caring for themselves. You have monthly employment-related expenses of \$50 solely for the care of the dependent, \$100 solely for the care of your spouse, and \$150 for household services for both. You must allocate the \$150 of monthly household expenses half to the dependent and half to your spouse. Accordingly, monthly employment-related expenses of \$125 are attributable to the dependent, and monthly employment-related expenses of \$175 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 any month. “Incurred” means owed for payment, whether or not paid. However, to be deductible the expenses must be paid during your 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 taxable year, reduce 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 married during any period 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 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 deductibility requirements for the month you incurred the expenses.

Example—In December 1974, you incurred employment-related expenses of \$600 for your 14-year-old dependent. You paid \$300 of the expenses in 1974, and \$300 in 1975. You and your spouse's combined adjusted gross income was \$17,000 in 1974. You would be allowed a \$100 deduction on line 15 for 1975, computed as follows:

Household and dependent care expenses incurred in 1974	\$600
Monthly limitation	\$400
Income limitation	—0—
Deduction	\$400
Less deduction 1974	\$300
Deduction 1975	<u>\$100</u>