

Credit for Child and Dependent Care Expenses

▶ Attach to Form 1040.
 ▶ See Instructions below.

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.

(d) During 1982, the person lived with you for:

| (a) Name of qualifying person | (b) Date of birth | (c) Relationship | (d) During 1982, 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 | | (e) Amount of 1982 ex- penses (include those not paid during the year) |
|---|--|-----------------------------|--------------------|-----------------|--|
| | | | From Month—Day | To Month—Day | |
| | | | | | |
| | | | | | |

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

| | | | |
|--|-----|-----|--|
| 3 Add the amounts in column 2(e) | 3 | | |
| 4 Enter \$2,400 (\$4,800 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. | 5 | | |
| (a) If unmarried at end of 1982, enter your earned income | | | |
| (b) If married at end of 1982, enter: | | | |
| (1) Your earned income . . . \$ _____ Enter the lesser | 6 | | |
| (2) Your spouse's earned income \$ _____ of b(1) or b(2) . . . | | | |
| 6 Enter the amount on line 4 or line 5, whichever is less | 6 | | |
| 7 Amount on line 6 paid during 1982. An entry MUST be made on this line | 7 | | |
| 8 Multiply line 7 by percentage listed for your adjusted gross income in instructions for line 8 | 8 | | |
| 9 Multiply child and dependent care expenses for 1981 paid in 1982 by 20 percent (.20) and enter the result here. See instructions for line 9 | 9 | | |
| 10 Add amounts on lines 8 and 9 | 10 | | |
| 11 Limitation: | 11c | | |
| a Enter tax from Form 1040, line 40 | | 11a | |
| b Enter total of lines 41 through 44 of Form 1040. See instructions for line 11 | | 11b | |
| c Subtract line 11b from line 11a (if line 11b is more than line 11a, enter zero) | 11c | | |
| 12 Credit for child and dependent care expenses. Enter the smaller of line 10 or line 11c here and on Form 1040, line 45 | 12 | | |

13 If payments listed on line 2 were made to an individual, complete the following:

| | Yes | No |
|--|-----|----|
| (a) If you paid \$50 or more in a calendar quarter to an individual, were the services performed in your home? | | |
| (b) If "Yes," have you filed appropriate wage tax returns on wages for services in your home (see instructions for line 13)? | | |
| (c) If answer to (b) is "Yes," enter your employer identification number | | |

Paperwork Reduction Act Notice.—We ask for this information to carry out the Internal Revenue laws of the United States. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax. You are required to give us this information.

General Instructions

If you or your spouse worked or looked for work, and you spent money to care for a qualifying person, this form might save you tax.

What is the Child and Dependent Care Expenses Credit?—This is a credit you can take against your tax if you paid someone to care for your child or dependent so that you could work or look for work. You can also take the credit if you paid someone to care for your spouse. The instructions that follow list tests that must be met to take the credit. If you need more information, please get **Publication 503, Child and Disabled Dependent Care.**

For purposes of this credit, we have defined some of the terms used here. Refer to these when you read the instructions.

Definitions

- A qualifying person can be:**
- Any person under age 15 whom you list as a dependent. (If you are divorced, legally separated, or separated under a written agreement, please see the Child Custody Test in the instructions.)
 - Your spouse who is mentally or physically not able to care for himself or herself.
 - Any person not able to care for himself or herself whom you can list as a dependent, or could list as a dependent except that he or she had income of \$1,000 or more.
- A full-time student** is one who was enrolled in a school for the number of hours or classes that is considered full time. The student must have been enrolled at least 5 months during 1982.

What Are Child and Dependent Care Expenses?

These expenses are the amounts you paid for household services and care of the qualifying person.

Household Services.—These are services performed by a cook, housekeeper,

governess, maid, cleaning person, babysitter, etc. The services must have been needed to care for the qualifying person as well as run the home. For example, if you paid for the services of a maid or a cook, the services must have also been for the benefit of the qualifying person.

Care of the Qualifying Person.—Care includes cost of services for the well-being and protection of the qualifying person.

Care does not include expenses for food and clothes. If you paid for care that included these items and you cannot separate their cost, take the total payment.

Example: You paid a nursery school to care for your child and the school gave the child lunch. Since you cannot separate the cost of the lunch from the cost of the care, you can take all of the amount that you paid to the school.

This example would not apply if you had school costs for a child in the first grade or 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.

(Continued on back)

ent under age 15 or for any other qualifying person who regularly spends at least 8 hours each day in your household. Care that is provided outside your home by a dependent care center can be counted provided the center complies with all applicable State and local regulations. A dependent care center is a place that provides care for more than six persons (other than persons who live there) and receives a fee, payment, or grant for providing services for any of those persons, regardless of whether or not the center is run for profit.

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 (\$2,400 or \$4,800), 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. If you work and your spouse does not, you may still qualify to take this credit. See the instructions for line 5.

(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; mortgage interest; 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 1982. 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 1982, and
- Been under 15, or physically or mentally unable to care for himself or herself.

Credit Limit.—The credit is a percentage of the amount you paid someone to care for the qualifying person. The most you can figure the credit on is \$2,400 a year for one qualifying person (\$4,800 for two or more).

Specific Instructions

We have provided specific instructions for most of the lines on the form. Those lines that do not appear in the instructions are self-explanatory.

Line 1.—In column (d) show the number of months and days each person lived in your home during 1982. 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.

Line 5.—This line is used to figure your earned income. Generally, you can figure earned income using steps (a) through (c) below. 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.

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 \$200 a month (\$400 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.

Reduce earned income by any net loss from self-employment. If your net earnings from self-employment are less than \$1,600, you may be able to use the optional method to figure your self-employment income. Under this method, you may be able to increase your net earnings to \$1,600. See **Publication 533, Self-Employment Tax**, for information. If you only have a loss from self-employment or your loss is more than your other earned income, and you do not use the optional method, you cannot take the credit.

(a) Enter one spouse's income from Form 1040, line 7 . . . _____

(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, enter the amount from (c) on line 5(b)(1) and go back and figure your spouse's earned income using steps (a) through (c). Enter your spouse's earned income from (c) on line 5(b)(2). Enter the lesser of line 5(b)(1) or line 5(b)(2) on line 5.

Line 7.—How much of the amount on line 6 did you pay in 1982? Enter this amount on line 7. Do not list any amounts for 1982 that you did not pay until 1983.

Line 8.—Multiply the amount on line 7 by the percentage listed below for your adjusted gross income (AGI), Form 1040, line 33.

| AGI | Percentage | AGI | Percentage |
|-----------------|---------------|-----------------|---------------|
| Over— | But not over— | Over— | But not Over— |
| 0—\$10,000 | 30% | \$20,000—22,000 | 24% |
| \$10,000—12,000 | 29% | 22,000—24,000 | 23% |
| 12,000—14,000 | 28% | 24,000—26,000 | 22% |
| 14,000—16,000 | 27% | 26,000—28,000 | 21% |
| 16,000—18,000 | 26% | 28,000 | 20% |
| 18,000—20,000 | 25% | | |

Line 9.—If you had child and dependent care expenses for 1981 that you did not pay until 1982, you may be able to increase the amount of credit you can take in 1982. To figure the increase in the amount of credit, multiply your 1981 child and dependent care expenses paid in 1982 by 20 percent. Your 1981 child and dependent care expenses must be within the 1981 limits. Attach a sheet similar to the example below, showing how you figured the increase.

Example: In 1981 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 1981 and \$300 in 1982. Your spouse's earned income of \$5,000 was less than your earned income. You would be allowed to figure an increased credit of \$40 in 1982, as follows:

| | |
|--|----------------|
| (1) 1981 child care expenses paid in 1981 . . . | \$1,800 |
| (2) 1981 child care expenses paid in 1982 . . . | 300 |
| (3) Total | \$2,100 |
| (4) Limit for one qualifying person . . . | \$2,000 |
| (5) Earned income reported in 1981 . . . | \$5,000 |
| (6) Smaller of line 3, 4, or 5 | \$2,000 |
| (7) Subtract child care expenses on which credit was figured in 1981 | 1,800 |
| (8) 1981 child care expenses available for credit this year (1982) | \$ 200 |
| (9) Increase in 1982 credit. Multiply line 8 by 20% | \$ 40 |

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 40, on line 11a. Add the amounts, if any, you entered on Form 1040, lines 41 through 44. Also, add any WIN credit carryover you entered on Form 1040, line 46. 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 45. This is your credit for child and dependent care expenses.

Line 13.—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, 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 1982 by January 31, 1983, if you paid cash wages of \$1,000 or more for household services in any calendar quarter in 1981 or 1982.