

Attach to Form 1040. See Instructions below.

Name(s) as shown on Form 1040

Your social security number

1 Write the number of qualifying persons who were cared for in 1983. (See the instructions below for the definition of qualifying persons.)

Table with 2 columns: Yes, No

2 If payments listed on line 3 were made to an individual, complete the following: 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 2)? c If the answer to b is "Yes," write your employer identification number.

3 Write the amount of expenses you incurred and actually paid in 1983, but do not write more than \$2,400 (\$4,800 if you paid for the care of two or more persons)

4 You must write your earned income on line 4. See the instructions for line 4 for the definition of earned income.

If you were unmarried at the end of 1983, write your earned income on line 4, OR

If you are married, filing a joint return for 1983,

a write your earned income \$, and

b write your spouse's earned income \$, and

c compare amounts on lines 4a and 4b, and write the smaller of the two amounts on line 4.

5 Compare amounts on lines 3 and 4, and write the smaller of the two amounts on line 5.

6 Write the percentage from the table below that applies to the adjusted gross income on Form 1040, line 33.

Table with 4 columns: If line 33 is: Over— But not over—, Percentage is: (Income ranges and percentages)

7 Multiply the amount on line 5 by the percentage shown on line 6, and write the result.

8 Multiply any child and dependent care expenses for 1982 that you paid in 1983 by the percentage that applies to the adjusted gross income on Form 1040, line 33, for 1982. Write the result. (See line 8 instructions for the required statement.)

9 Add amounts on lines 7 and 8, and write the total

10 a Write the tax shown on Form 1040, line 40

b Add lines 41 through 44 of Form 1040, and write total. (See line 10 instructions.)

c Subtract line 10b from line 10a, and write the result. (If line 10b is more than line 10a, write zero.)

11 Compare amounts on lines 9 and 10c, and write the smaller of the two amounts on line 11. Also, write this amount on Form 1040, line 45

General Instructions

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 taxpayers 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.

What Is the Child and Dependent Care Expenses Credit?

You may be able to take a tax credit for amounts you paid someone to care for your child or other qualifying person so you could work or look for work in 1983. The credit will lower the amount of your tax. The credit is based on a percentage of the amount you paid during the year. The most you can take as a credit is \$720 if you paid for the care of

one qualifying person, or \$1440 if you paid for the care of two or more qualifying persons.

Who is a qualifying person.— A qualifying person is any one of the following persons:

- Any person under age 15 whom you claim as a dependent (but see the special rule below for Children of divorced or separated parents).
Your disabled spouse who is mentally or physically unable to care for himself or herself.
Any disabled person who is mentally or physically unable to care for himself or herself and whom you claim as a dependent, or could claim as a dependent except that he or she had income of \$1,000 or more.

Children of divorced or separated parents.

—If you were divorced, legally separated, or separated under a written agreement, you may be able to claim the credit even if your child is not your dependent. Your child is a qualifying person if all four of the following apply:

- 1. You had custody for the longer period during the year, and
2. The child received over half of his or her support from one or both of the parents, and
3. The child was in the custody of one or both of the parents over half of the year, and
4. The child was under age 15, or was physically or mentally unable to care for himself or herself.

(Continued on back)

Who Can Take the Credit?

To claim the credit **all five** of the following must apply:

1. You paid for the care so you (and your spouse if you were married) could work or look for work (but see the rules at the line 4 instructions for **Spouse who is a full-time student or is disabled**).
2. One or more qualifying persons lived in your home.
3. You (and your spouse if you were married) paid over half the cost of keeping up your home. The cost includes: rent; mortgage interest; property taxes; utilities; home repairs; and food eaten at home.
4. The person you paid to provide the care was not your spouse or a person you could claim as a dependent.

Note: *If the person you paid for the care was your child, he or she must have been 19 or over by the end of 1983.*

5. If you were married at the end of 1983, generally, you must file a joint tax return. However, there are two exceptions to this rule. You will be treated as unmarried and can file a separate return and still be eligible to take the credit if:

- a. You were legally separated; or
- b. You were living apart, and:
 - The qualifying person lived in your home over 6 months, and
 - You provided over half the cost of keeping up your home, and
 - Your spouse did not live in your home during the last 6 months of the tax year.

What Are Qualified Expenses?

Qualified expenses include amounts paid for household services and care of the qualifying person.

Household services.—These services must be needed to care for the qualifying person as well as to run the home. They include, for example, the services of a cook, maid, babysitter, housekeeper, governess, or cleaning person if the services were at least partly for the benefit of the qualifying person.

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

Generally, care does not include food, clothing, or schooling expenses; but if you paid for care that included these items, and you cannot separate their cost from the total payment, you can count the total payment. However, you cannot count the cost of schooling for a child in the first grade or above.

Care outside the home.—You can count care provided outside your home if the care was for:

- a. Your dependent under age 15; or
- b. Any other qualifying person who regularly spends at least 8 hours each day in your home.

Care that is provided by a dependent care center may be counted if the center complies with all applicable state and local laws and regulations. A dependent care center is a place that provides care for at least seven persons (other than persons who live there), and receives a fee, payment, or grant for providing the services for any of those persons, regardless of whether the center is run for profit.

Medical expenses.—Some dependent care expenses may qualify as medical expenses. If you itemize deductions, you may want to take all or part of these medical expenses on Schedule A (Form 1040). If you cannot use all the medical expenses on Form 2441 because of the dollar limit or earned income limit (explained later), you can take the rest of these expenses on Schedule A. But if you deduct the medical expenses first on Schedule A, you cannot use any part of these expenses on Form 2441.

For more information, get **Publication 503**, Child and Disabled Dependent Care.

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 2.—In general, if you paid cash wages of \$50 or more in a calendar quarter for household services provided by a person such as a housekeeper, maid, babysitter, or cook, 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 1983 by January 31, 1984, if you paid cash wages of \$1,000 or more for household services in any calendar quarter in 1982 or 1983.*

Line 3. Dollar limit.—On line 3 write the amount of qualified child and dependent care expenses you incurred and actually paid in 1983. However, the most you can figure the credit on is \$2,400 a year for one qualifying person, or \$4,800 a year for two or more qualifying persons.

Note: *Do not include on line 3 qualified expenses that you incurred in 1983 but did not pay until 1984. Instead, you may be entitled to increase the amount of your 1984 credit when you pay the 1983 expenses in 1984.*

Line 4. Earned income limit.—Figure your earned income on line 4. The amount of your qualified expenses **cannot** be more than your earned income.

In general, earned income is wages, salaries, tips, and other employee compensation. It also includes net earnings from self-employment. For more information on what is earned income for purposes of the credit, see Publication 503.

Unmarried taxpayers.—If you were unmarried at the end of 1983 or are treated as being unmarried at the end of the year, write your earned income on line 4.

Married taxpayers.—If you are married, filing a joint return, figure each spouse's earned income separately and disregard community property laws. Write your earned income on line 4a and your spouse's earned income on line 4b. Then, write the **smaller** of your earned income or your spouse's earned income on line 4.

Spouse who is a full-time student or is disabled.—If your spouse was a full-time student or was mentally or physically unable to care for himself or herself, figure your spouse's earned income on a monthly basis to determine your spouse's earned income for the year. For each month that your spouse was disabled or a full-time student, your spouse is considered to have earned income of not less than \$200 a month (\$400 a month if more than one qualifying person was cared for in 1983).

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.

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 1983.

Self-employment income.—You must reduce your earned income by any loss from self-employment. If your net earnings from self-employment are less than \$1,600, and you use the optional method to figure your self-employment tax, you may be able to increase your net earnings to \$1,600. See **Publication 533**, Self-Employment Tax, for details. 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.

Line 8.—If you had qualified expenses for 1982 that you did not pay until 1983, you may be able to increase the amount of credit you can take in 1983. To do this, multiply the 1982 expenses you paid in 1983 by the percentage from the table on line 6 that applies to the adjusted gross income shown on your 1982 Form 1040, line 33. Your 1982 expenses must be within the 1982 limits. Attach a computation showing how you figured the increase. (Use the example in Publication 503 as a guide.)

Line 10.—Your credit cannot be more than your tax after subtracting certain credits. Write on line 10a your tax from Form 1040, line 40. Add the amounts, if any, from lines 41 through 44 of Form 1040, and write the total on line 10b. Also, add any WIN credit carryover you entered on Form 1040, line 46. Subtract line 10b from line 10a, and write the result on line 10c.

Line 11.—Compare amounts on lines 9 and 10c, and write the **smaller** of the two amounts on line 11. Also write this amount on Form 1040, line 45. This is your credit for child and dependent care expenses.