



# Dependent Care Assistance Credit

Instructions on back

Name \_\_\_\_\_ SSN or FEIN \_\_\_\_\_

You may be entitled to all three credits.

### Day Care Facilities Credit

(15-30-130 and 15-31-133, MCA)

1. Enter number of dependents facility is designed to accommodate. .... 1. \_\_\_\_\_
2. Take \$2,500 times the amount on line 1. .... 2. \_\_\_\_\_
3. Enter cost of acquisition, construction, reconstruction, renovation or other improvements (see instructions for determining cost). .... 3. \_\_\_\_\_
4. Enter 15% (.15) of line 3. .... 4. \_\_\_\_\_
5. Enter the lesser of line 2, line 4 or \$50,000. .... 5. \_\_\_\_\_
6. Divide line 5 by ten (you are entitled to only 1/10<sup>th</sup> of the credit yearly). .... 6. \_\_\_\_\_
7. Enter carryforward amounts (excess annual credit over tax liability). .... 7. \_\_\_\_\_
8. Add line 6 and line 7. .... 8. \_\_\_\_\_

You must attach supporting documentation showing that the person operating the day care facility on the last day of your tax year is licensed or registered to operate the facility. Without this documentation the credit is denied.

### Dependent Care Assistance Credit

(15-30-186 and 15-31-131, MCA)

9. Enter total amount of dependent care assistance you furnished your employees. .... 9. \_\_\_\_\_
10. Enter total number of employees who were furnished this service. .... 10. \_\_\_\_\_
11. Divide line 9 by line 10; enter that amount or \$6,300, whichever is smaller. .... 11. \_\_\_\_\_
12. Multiply line 11 by 25% (.25); enter that amount or \$1,575, whichever is smaller. .... 12. \_\_\_\_\_
13. Multiply the amount on line 12 by the amount on line 10. This is your Dependent Care Assistance Credit. .... 13. \_\_\_\_\_

Any excess Dependent Care Assistance Credit not used the first year may be carried forward for five years. It may not be carried back.

### Dependent Care Information and Referral Service Credit

(15-30-186 and 15-31-131, MCA)

14. Amount paid or incurred during the year for providing information and referral services to employees. 14. \_\_\_\_\_
15. Multiply line 14 by 25% (.25). This is your Dependent Care Referral Service Credit. .... 15. \_\_\_\_\_

### Combined Credits

16. Add line 8, line 13 and line 15; enter total on line 16. This is your combined Dependent Care Assistance Credit. .... 16. \_\_\_\_\_

For individual income tax, enter this amount on Form 2A, Schedule II. For corporation license tax, enter this amount on Form CLT4, Schedule C. Credit can not be larger than your tax liability.

**Attach this form to your tax return. If you electronically file, keep this form for your records (do not send to the Department of Revenue).**

# Instructions

## Day Care Facilities Credit

(15-30-130 and 15-31-133, MCA)

This credit against taxes is allowed to employers based on the amounts paid or incurred to acquire, construct, reconstruct, renovate or improve real property to be used primarily as a day care facility. The amount of the credit is the amount calculated on lines 1 through 8 and any day care facility credit carryforward.

If this credit exceeds your tax liability, the excess amount may be carried forward to any succeeding years. The carryforward may not exceed 9 years.

If this credit is claimed by a small business corporation, or a partnership, the credit must be attributed to the shareholders or partners, using the same proportion to report the corporation's or partnership's income or loss for Montana income tax purposes.

To qualify for this credit, the following conditions must apply:

- The property must be in actual use in Montana as a day care facility on the last day of the tax year for which the credit or any carryforward amount of the credit is claimed.
- Day care services assisted by the employer must take place on the property on the last day of the tax year for which the credit or any carryforward amount is claimed.
- The person operating the day care facility must hold a current license or registration certificate under Title 52, chapter 2, part 7, on the last day of the tax year for which the credit is claimed.
- The day care facility shall accommodate six or more children.
- The day care facility must be in operational of before January 1, 2006.

**Line 1. Number of dependents facility is designed to accommodate.** Enter the number of dependents the facility was designed to accommodate at the end of the first tax year in which the credit is first claimed.

**Line 3. Cost of acquisition, construction, reconstruction, renovation or other improvements.** Enter the cost to acquire, construct, reconstruct, renovate or for other improvements to provide a day care facility. These costs may be to another person with whom the employer contracts with to make day care assistance payments or for the cost of providing and operating as an employer, or combination of employers, a day care facility. These costs must be excluded or partially excluded, under 26 U.S.C. 129, from the income of the employee for federal tax purposes.

**Line 6. Line 5 divided by ten.** An employer is allowed one-tenth of the total credit determined on line 5 in the first year the credit is claimed and one-tenth of the total credit each succeeding year, not to exceed 9 years.

## Dependent Care Assistance Credit

(15-30-186 and 15-31-131, MCA)

To be eligible for the credit, the dependent care assistance program must:

- be furnished by a registered or licensed day care provider; and,
- be in writing as specified in 89(k) of the Internal Revenue Code and meet the federal dependent care assistance requirements under 129(d) through (k) of the Internal Revenue Code.

This credit is not allowed if:

- services were not performed within Montana; or
- amount of dependent care assistance is paid pursuant to a salary reduction plan; or
- amount upon which the credit is based is included in the gross income of the employee or employees.

For individual income taxpayers, any deduction allowed for dependent care assistance on Schedule C, E or F must be reduced by the amount of dependent care assistance upon which the credit is based.

For a corporation, any deduction allowed for dependent care assistance which reduces your federal taxable income must be reduced by the amount of dependent care assistance upon which the credit is based.

The dependent care assistance provided by a small business corporation or partnership qualifies for the credit. The credit is attributed to the shareholders or partners using the same proportion used to report income or loss for Montana purposes.

**Line 9. Enter total amount of dependent care assistance you furnished your employees as an employer.** Enter the amount you paid or incurred during the year for providing dependent care assistance to your employees.

## Dependent Care Information and Referral Service Credit

(15-30-186 and 15-31-133, MCA)

In addition to the Dependent Care Assistance Credit, an employer is allowed a credit against taxes for amounts paid or incurred during the year to provide information and referral services to assist their Montana employees in obtaining dependent care.

**Line 14. Amount paid or incurred during the year for providing information and referral services to employees.** Enter the cost you incurred during the year for providing dependent care information or referrals to your employees.