

Employer-provided dependent care assistance tax credits



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www.oregon.gov/DOR

Employers may claim a credit for providing dependent care assistance to their employees. Two different credits—the information and referral services credit and the assistance credit—are currently available. A third credit—the facilities credit—has expired.

Information and referral services— ORS 315.204(4)

This credit is for employers who provide dependent care information and referral services. The services must be used to help their employees find dependent care.

The credit is 50 percent of the amount paid by the employer to provide these services. The credit is available for expenses incurred before January 1, 2017.

Assistance—ORS 315.204(1)

This credit is for employers who pay for the care of their employees' dependents.

The person receiving the dependent care must be an employee's:

- Dependent, under the age of 13, or
- Dependent, physically or mentally incapable of self-care, or
- Spouse, physically or mentally incapable of self-care.

The credit is the **smaller** of:

- 50 percent of the qualifying expenses paid by the employer, or
- \$2,500 per employee who receives the assistance.

The employer must have a written dependent care assistance plan. Taxpayers must apply to the Child Care Division of the Employment Department and receive certification. Only amounts paid for dependent care provided in Oregon are eligible for the credit. The dependent care provider cannot be the employee's spouse, a dependent, or a child (under age 19).

The business deductions claimed on the employer's tax return must be reduced by the amount of the

credit claimed. This credit is available for expenses incurred before January 1, 2017.

Employees. Did your employer make dependent care payments for you? If so, you cannot use the amount of your employer's payments to claim a child and dependent care credit on your income tax return.

Did the dependent care payments exceed the income of either you or your spouse? If so, you must add the excess payment to your gross income.

Employers. For general information on how to select a dependent care option, contact the Child Care Division in Salem at 503-947-1400 or toll-free from an Oregon prefix at 1-800-556-6618.

Facilities—ORS 315.208

This credit for employers who set up a dependent care facility to provide job-site dependent care for their employees **expired December 31, 2001.**

This credit was available for dependent care facilities placed into operation between January 1, 1988, and December 31, 2001. The credit, as certified by the Oregon Employment Department, will be claimed equally over a period of 10 tax years beginning with the tax year the facility is first placed into operation.

If you do not meet the credit qualifications for a tax year, the current year's credit is lost and may not be carried forward to any other tax year. If you have questions about your credit, contact the Oregon Employment Department toll-free from an Oregon prefix at 1-800-556-6616.

Depreciation and basis. Compute your depreciation each year for the facility. Reduce your depreciation deduction by the total available credit to figure the depreciation you can claim. Continue to reduce your depreciation deductions until the total available credit has been used up. Do not reduce your basis in the facility by the amount of the credit.

How to claim any of the three dependent care assistance credits

To claim either the information and referral services credit or the assistance credit, you must complete

the *Dependent Care Credits for Employers* form. To download the form, go to our website or call us to order. Complete the part of the form that applies to the credit you're claiming. Keep the completed form with your income tax records.

Partnerships or S corporations. Partners or shareholders can claim a portion of the partnership or S corporation credit based on their percentages of ownership interest.

Part-year residents. Information and referral services credit and assistance credit. You must multiply your allowable Oregon credit by your Oregon percentage on Form 40P.

Nonresidents. Information and referral services credit and assistance credit. You may claim the credit allowed a full-year resident.

Part-year residents and nonresidents. Facilities credit. You may claim the credit allowed a full-year resident.

Carryforward. None of your dependent care assistance credits may be more than your tax liability for Oregon. You may carry forward any unused credit for five years. If you do not use the credit within five years, it is lost.

Taxpayer assistance

General tax information www.oregon.gov/DOR
Salem 503-378-4988
Toll-free from Oregon prefix..... 1-800-356-4222

Asistencia en español:
Salem 503-378-4988
Gratis de prefijo de Oregon..... 1-800-356-4222

TTY (hearing or speech impaired; machine only):
Salem 503-945-8617
Toll-free from Oregon prefix..... 1-800-886-7204

Americans with Disabilities Act (ADA): Call one of the help numbers for information in alternative formats.