



2007 Dependent Care Assistance Credits

Name (as it appears on your tax return) _____

Your Social Security Number or Federal Employer Identification Number _____

If this credit is a pass-through to you from a partnership or S corporation indicate the name, FEIN and your percentage of ownership in the partnership or S corporation.

Name _____ FEIN _____ % of Ownership _____

Day Care Facilities Credit (15-30-130 and 15-31-133, MCA)

- 1. Enter original amount of day care facility credit calculated. This is your total credit that is allocated over 10 tax years.
2. Multiply line 1 by 0.10 (10%). This is your annual allocated credit amount.
3. Enter amount carried over from prior tax years. This is the difference between the sum of your annual allocated credit and the sum of the actual credits allowed on your prior years tax returns. Do not include the amount reported on line 1.
4. Add lines 2 and 3. This is your day care facilities credit available for the current year.
5. Enter the amount of credit claimed in the current tax year.
6. Subtract line 5 from line 4. This is your credit available to be carried over to the next tax year and added to your annual allocated credit.

You are required to attach supporting documentation showing that the person who operated your day care facility on the last day of your tax year is licensed or registered to operate your facility.

Dependent Care Assistance Credit (15-30-186 and 15-31-131, MCA)

- 7. Enter here the total amount of dependent care assistance that you furnished your employees.
8. Enter here the total number of employees who were provided this service.
9. Divide the amount on line 7 by the number on line 8 and enter that result or \$6,300, whichever is smaller.
10. Multiply the amount on line 9 by 0.25 (25%); enter that result or \$1,575, whichever is smaller.
11. Multiply the amount on line 10 by the amount on line 8 and enter the result here. This is your dependent care assistance credit.

Dependent Care Information and Referral Service Credit (15-30-186 and 15-31-131, MCA)

- 12. Enter here the total amount that you paid or incurred during the year for providing information and referral services to your employees.
13. Multiply the amount on line 12 by 0.25 (25%) and enter the result here. This is your dependent care information and referral service credit.

Combined Credits

- 14. Add the amounts on lines 6, 11 and 13. This is your combined dependent care assistance credit. Enter here and on Form 2, Schedule V, line 18 for individuals; Form CLT-4, Schedule C, line 4 for C corporations; Form PR-1, Schedule II, line 1 for partnerships; or Form CLT-4S, Schedule II, line 1 for S corporations. Your combined credit cannot exceed your tax liability.

When you file your Montana income tax return electronically, you represent that you have retained all documents required as a tax record and that you will provide a copy to the department upon request.

General Instructions

Day Care Facilities Credit

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

If you are an employer, the day care facilities credit is available for investments made between January 1, 2001 and December 31, 2005 related to acquiring, constructing, reconstructing, renovating, or improving property for the primary use of providing a day-care facility for your employees. The facility must have been placed in operation before January 1, 2006 and must have been in operation on the last day of the tax year the credit is claimed.

The credit must be taken over a ten year period. You are allowed to claim one-tenth of the total amount of your credit determined in the first year you are eligible for the credit along with any day-care facility tax credit carryover.

Dependent Care Assistance Credit

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

If you are an employer, you can take a credit against your tax liability for providing dependent care assistance.

In order to qualify for this credit, your dependent care assistance program that you provide to your employees is required to be:

- furnished by a registered or licensed day-care provider, and
- the plan must be a separate written plan, for the exclusive benefit of your employees to provide such employees with dependent care assistance which meets the requirements of 26 IRC 129(d) (2) through (6).

You are not entitled to this credit if:

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

If you are filing an individual income tax return, the deduction that is allowed for dependent care assistance on your federal Schedule C, E or F should be reduced by the amount of dependent care assistance used to determine your credit.

If you are filing a partnership, S corporation or C corporation tax return, the deduction that is allowed for dependent care assistance (that reduces your federal taxable income) should be reduced by the amount of dependent care assistance used to determine your credit.

Dependent Care Information and Referral Service Credit

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

In addition to the Dependent Care Assistance Credit, you can take a credit against your tax liability for providing

information and referral services to assist your Montana employees in obtaining dependent care. The amount of your credit is equal to .25 (25%) of the amount that you paid or incurred during the year for providing dependent care information and referral service to your Montana employees.

Can I carryover my unused Dependent Care Assistance Credit and/or Information and Referral Service Credit?

Yes, you can. You can carry over the unused portion of these two dependent care assistance tax credits up to five years.

What information do I have to include with my return when I claim this credit?

When you claim this credit, attach a copy of Montana Form DCAC to your individual income tax or corporate license tax return. If you are a S corporation or a partnership and are claiming this credit, attach Montana Form DCAC to your Montana information return Form CLT-4S or PR-1 and include a separate statement identifying each owner and their proportionate share of this credit.

Questions? Please call us at (406) 444-6900 or TDD (406) 444-2830 for the hearing impaired.