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Internal Revenue Service

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Child and Dependent Care Expenses

For use in preparing
2011 Returns



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Contents

What's New	1
Reminders	1
Introduction	2
Tests To Claim the Credit	2
<u>Qualifying Person Test</u>	3
<u>Earned Income Test</u>	5
<u>Work-Related Expense Test</u>	6
<u>Joint Return Test</u>	8
<u>Provider Identification Test</u>	8
How To Figure the Credit	9
<u>Figuring Total Work-Related Expenses</u>	9
<u>Earned Income Limit</u>	10
<u>Dollar Limit</u>	11
<u>Amount of Credit</u>	11
How To Claim the Credit	12
Employment Taxes for Household Employers	12
Examples	13
How To Get Tax Help	19
Index	21

What's New

The IRS has created a page on IRS.gov about Publication 503, at www.irs.gov/pub503. Information about any future developments affecting Publication 503 (such as legislation enacted after we release it) will be posted on that page.

Reminders

Taxpayer identification number needed for each qualifying person. You must include on line 2 of Form 2441, Child and Dependent Care Expenses, the name and taxpayer identification number (generally the social security number) of each qualifying person. See [Taxpayer identification number](#) under *Qualifying Person Test*, later.

You may have to pay employment taxes. If you pay someone to come to your home and care for your dependent or spouse, you may be a household employer who has to pay employment taxes. Usually, you are not a household employer if the person who cares for your dependent or spouse does so at his or her home or place of business. See [Employment Taxes for Household Employers](#), later.

Photographs of missing children. The Internal Revenue Service is a proud partner with the National Center for Missing and Exploited Children. Photographs of missing children selected by the Center may appear in this publication on pages that would otherwise be blank. You can help

bring these children home by looking at the photographs and calling 1-800-THE-LOST (1-800-843-5678) if you recognize a child.

Introduction

This publication explains the tests you must meet to claim the credit for child and dependent care expenses. It explains how to figure and claim the credit.

You may be able to claim the credit if you pay someone to care for your dependent who is under age 13 or for your spouse or dependent who is not able to care for himself or herself. The credit can be up to 35% of your expenses. To qualify, you must pay these expenses so you can work or look for work.

This publication also discusses some of the employment tax rules for household employers.

Dependent care benefits. If you received any dependent care benefits from your employer during the year, you may be able to exclude from your income all or part of them. You must complete Form 2441, Part III, before you can figure the amount of your credit. See [Dependent Care Benefits](#) under *How To Figure the Credit*, later.

Comments and suggestions. We welcome your comments about this publication and your suggestions for future editions.

You can write to us at the following address:

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Although we cannot respond individually to each comment received, we do appreciate your feedback and will consider your comments as we revise our tax products.

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Tax questions. If you have a tax question, check the information available on IRS.gov or call 1-800-829-1040. We cannot answer tax questions sent to either of the above addresses.

Useful Items

You may want to see:

Publication

- 501** Exemptions, Standard Deduction, and Filing Information
- 926** Household Employer's Tax Guide

Form (and Instructions)

- 2441** Child and Dependent Care Expenses
- Schedule H (Form 1040)** Household Employment Taxes
- W-10** Dependent Care Provider's Identification and Certification

See [How To Get Tax Help](#), near the end of this publication, for information about getting these publications and forms.

Tests To Claim the Credit

To be able to claim the credit for child and dependent care expenses, you must file Form 1040, Form 1040A, or Form 1040NR, not Form 1040EZ or Form 1040NR-EZ, and meet all the following tests.

1. The care must be for one or more qualifying persons who are identified on the form you use to claim the credit. (See [Qualifying Person Test](#).)
2. You (and your spouse if filing jointly) must have earned income during the year. (However, see [Rule for student-spouse or spouse not able to care for self](#) under *Earned Income Test*, later.)
3. You must pay child and dependent care expenses so you (and your spouse if filing jointly) can work or look for work. (See [Work-Related Expense Test](#), later.)
4. You must make payments for child and dependent care to someone you (and your spouse) cannot claim as a dependent. If you make payments to your child, he or she cannot be your dependent and must be age 19 or older by the end of the year. You cannot make payments to:
 - a. Your spouse, or
 - b. The parent of your qualifying person if your qualifying person is your child and under age 13.See [Payments to Relatives or Dependents](#) under *Work-Related Expense Test*, later.
5. Your filing status may be single, head of household, or qualifying widow(er) with dependent child. If you are married, you must file a joint return, unless an exception applies to you. See [Joint Return Test](#), later.
6. You must identify the care provider on your tax return. (See [Provider Identification Test](#), later.)
7. If you exclude or deduct dependent care benefits provided by a dependent care benefit plan, the total

amount you exclude or deduct must be less than the dollar limit for qualifying expenses (generally, \$3,000 if one qualifying person was cared for, or \$6,000 if two or more qualifying persons were cared for). (If two or more qualifying persons were cared for, the amount you exclude or deduct will always be less than the dollar limit, since the total amount you can exclude or deduct is limited to \$5,000. See [Reduced Dollar Limit](#) under *How To Figure the Credit*, later.)

These tests are presented in *Figure A* and are also explained in detail in this publication.

Qualifying Person Test

Your child and dependent care expenses must be for the care of one or more qualifying persons.

A qualifying person is:

1. Your qualifying child who is your dependent and who was under age 13 when the care was provided (but see [Note](#) later),
2. Your spouse who was not physically or mentally able to care for himself or herself and lived with you for more than half the year, or
3. A person who was not physically or mentally able to care for himself or herself, lived with you for more than half the year, and either:
 - a. Was your dependent, or
 - b. Would have been your dependent except that:
 - i. He or she received gross income of \$3,700 or more,
 - ii. He or she filed a joint return, or
 - iii. You, or your spouse if filing jointly, could be claimed as a dependent on someone else's 2011 return.

Note. If you are divorced or separated, see [Child of divorced or separated parents or parents living apart](#), later, to determine which parent may treat the child as a qualifying person.

Dependent defined. A dependent is a person, other than you or your spouse, for whom you can claim an exemption. To be your dependent, a person must be your qualifying child (or your qualifying relative).

Qualifying child. To be your qualifying child, a child must live with you for more than half the year and meet other requirements.

More information. For more information about who is a dependent or a qualifying child, see Publication 501.

Physically or mentally not able to care for oneself. Persons who cannot dress, clean, or feed themselves because of physical or mental problems are considered not able to care for themselves. Also, persons who must have constant attention to prevent them from injuring

themselves or others are considered not able to care for themselves.

Person qualifying for part of year. You determine a person's qualifying status each day. For example, if the person for whom you pay child and dependent care expenses no longer qualifies on September 16, count only those expenses through September 15. Also see [Yearly limit](#) under *Dollar Limit*, later.

Birth or death of otherwise qualifying person. In determining whether a person is a qualifying person, a person who was born or died in 2011 is treated as having lived with you for all of 2011 if your home was the person's home the entire time he or she was alive in 2011.

Taxpayer identification number. You must include on your return the name and taxpayer identification number (generally the social security number) of the qualifying person(s). If the correct information is not shown, the credit may be reduced or disallowed.

Individual taxpayer identification number (ITIN) for aliens. If your qualifying person is a nonresident or resident alien who does not have and cannot get a social security number (SSN), use that person's ITIN. The ITIN is entered wherever an SSN is requested on a tax return. If the alien does not have an ITIN, he or she must apply for one. See Form W-7, Application for IRS Individual Taxpayer Identification Number, for details.

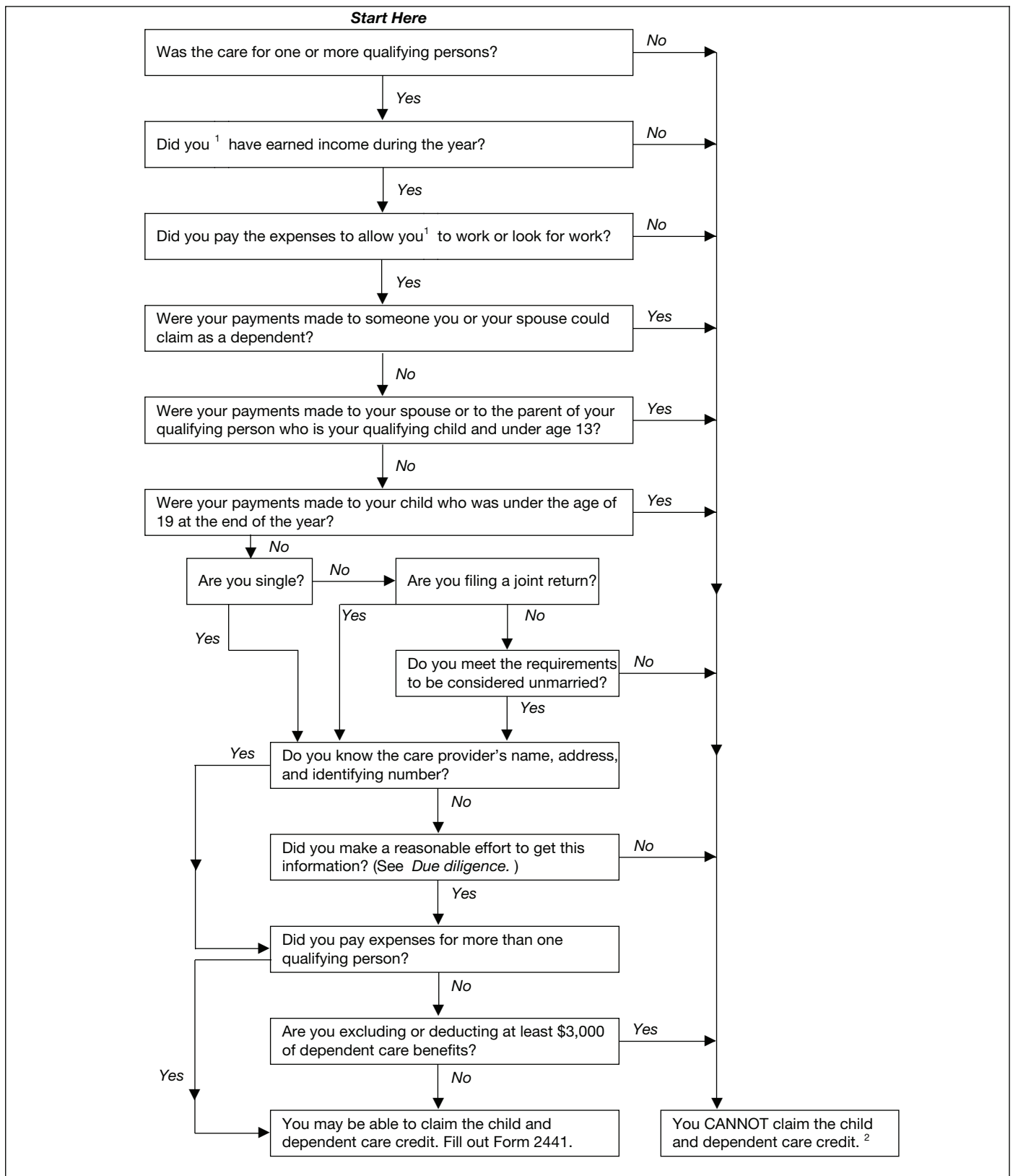
An ITIN is for tax use only. It does not entitle the holder to social security benefits or change the holder's employment or immigration status under U.S. law.

Adoption taxpayer identification number (ATIN). If your qualifying person is a child who was placed in your home for adoption and for whom you do not have an SSN, you must get an ATIN for the child. File Form W-7A, Application for Taxpayer Identification Number for Pending U.S. Adoptions.

Child of divorced or separated parents or parents living apart. Even if you cannot claim your child as a dependent, he or she is treated as your qualifying person if:

- The child was under age 13 or was not physically or mentally able to care for himself or herself,
- The child received over half of his or her support during the calendar year from one or both parents who are divorced or legally separated under a decree of divorce or separate maintenance, are separated under a written separation agreement, or lived apart at all times during the last 6 months of the calendar year,
- The child was in the custody of one or both parents for more than half the year, and
- You were the child's custodial parent. The custodial parent is the parent with whom the child lived for the greater number of nights in 2011. If the child was with each parent for an equal number of nights, the custodial parent is the parent with the higher adjusted gross income. For details and an exception for a parent who works at night, see Pub. 501.

Figure A. **Can You Claim the Credit?**



¹ This also applies to your spouse, unless your spouse was disabled or a full-time student.

² If you had expenses that met the requirements for 2010, except that you did not pay them until 2011, you may be able to claim those expenses in 2011. See *Expenses not paid until the following year* under *How To Figure the Credit*.

The noncustodial parent cannot treat the child as a qualifying person even if that parent is entitled to claim the child as a dependent under the special rules for a child of divorced or separated parents.

Earned Income Test

To claim the credit, you (and your spouse if filing jointly) must have earned income during the year.

Earned income. Earned income includes wages, salaries, tips, other taxable employee compensation, and net earnings from self-employment. A net loss from self-employment reduces earned income. Earned income also includes strike benefits and any disability pay you report as wages.

Generally, only taxable compensation is included. However, you can elect to include nontaxable combat pay in earned income. If you are filing a joint return and both you and your spouse received nontaxable combat pay, you can each make your own election. Including this income will give you a larger credit only if your (or your spouse's) other earned income is less than the amount entered on line 3 of Form 2441. You should figure your credit both ways and make the election if it gives you a greater tax benefit.



You can choose to include your nontaxable combat pay in earned income when figuring your credit for child and dependent care expenses, even if you choose not to include it in earned income for the earned income credit or the exclusion or deduction for dependent care benefits.

Members of certain religious faiths opposed to social security. This section is for persons who are members of certain religious faiths that are opposed to participation in Social Security Act programs and have an IRS-approved form that exempts certain income from social security and Medicare taxes. These forms are:

- Form 4361, Application for Exemption From Self-Employment Tax for Use by Ministers, Members of Religious Orders and Christian Science Practitioners, and
- Form 4029, Application for Exemption From Social Security and Medicare Taxes and Waiver of Benefits, for use by members of recognized religious groups.

Each form is discussed in this section in terms of what is or is not earned income for purposes of the child and dependent care credit. For information on the use of these forms, see Publication 517, Social Security and Other Information for Members of the Clergy and Religious Workers.

Form 4361. Whether or not you have an approved Form 4361, amounts you received for performing ministerial duties as an employee are earned income. This includes wages, salaries, tips, and other taxable employee compensation.

However, amounts you received for ministerial duties, but not as an employee, do not count as earned income.

Examples include fees for performing marriages and honoraria for delivering speeches.

Any amount you received for work that is not related to your ministerial duties is earned income.

Form 4029. Whether or not you have an approved Form 4029, all wages, salaries, tips, and other taxable employee compensation are earned income.

However, amounts you received as a self-employed individual do not count as earned income.

What is not earned income? Earned income does not include:

- Pensions and annuities,
- Social security and railroad retirement benefits,
- Workers' compensation,
- Interest and dividends,
- Unemployment compensation,
- Scholarships or fellowship grants, except for those reported on Form W-2 and paid to you for teaching or other services,
- Nontaxable workfare payments,
- Child support payments received,
- Income of a nonresident alien that is not effectively connected with a U.S. trade or business, or
- Any amount received for work while an inmate in a penal institution.

Rule for student-spouse or spouse not able to care for self. Your spouse is treated as having earned income for any month that he or she is:

1. A full-time student, or
2. Physically or mentally not able to care for himself or herself. (Your spouse also must live with you for more than half the year.)

Figure the earned income of the nonworking spouse, described under (1) or (2) above, as shown under [Earned Income Limit](#) under *How To Figure the Credit*, later.

This rule applies to only one spouse for any one month. If, in the same month, both you and your spouse do not work and are either full-time students or not physically or mentally able to care for yourselves, only one of you can be treated as having earned income in that month.

Full-time student. You are a full-time student if you are enrolled at a school for the number of hours or classes that the school considers full time. You must have been a full-time student for some part of each of 5 calendar months during the year. (The months need not be consecutive.)

School. The term "school" includes high schools, colleges, universities, and technical, trade, and mechanical schools. A school does not include an on-the-job training course, correspondence school, or school offering courses only through the Internet.

Work-Related Expense Test

Child and dependent care expenses must be work-related to qualify for the credit. Expenses are considered work-related only if both of the following are true.

- They allow you (and your spouse if filing jointly) to work or look for work.
- They are for a qualifying person's care.

Working or Looking for Work

To be work-related, your expenses must allow you to work or look for work. If you are married, generally both you and your spouse must work or look for work. Your spouse is treated as working during any month he or she is a full-time student or is not physically or mentally able to care for himself or herself.

Your work can be for others or in your own business or partnership. It can be either full time or part time.

Work also includes actively looking for work. However, if you do not find a job and have no earned income for the year, you cannot take this credit. See [Earned Income Test](#), earlier.

An expense is not considered work-related merely because you had it while you were working. The purpose of the expense must be to allow you to work. Whether your expenses allow you to work or look for work depends on the facts.

Example 1. The cost of a babysitter while you and your spouse go out to eat is not normally a work-related expense.

Example 2. You work during the day. Your spouse works at night and sleeps during the day. You pay for care of your 5-year-old child during the hours when you are working and your spouse is sleeping. Your expenses are considered work-related.

Volunteer work. For this purpose, you are not considered to be working if you do unpaid volunteer work or volunteer work for a nominal salary.

Work for part of year. If you work or actively look for work during only part of the period covered by the expenses, then you must figure your expenses for each day. For example, if you work all year and pay care expenses of \$250 a month (\$3,000 for the year), all the expenses are work related. However, if you work or look for work for only 2 months and 15 days during the year and pay expenses of \$250 a month, your work-related expenses are limited to \$625 (2½ months × \$250).

Temporary absence from work. You do not have to figure your expenses for each day during a short, temporary absence from work, such as for vacation or a minor illness, if you have to pay for care anyway. Instead, you can figure your credit including the expenses you paid for the period of absence.

An absence of 2 weeks or less is a short, temporary absence. An absence of more than 2 weeks may be considered a short, temporary absence, depending on the circumstances.

Example. You pay a nanny to care for your 2-year-old son and 4-year-old daughter so you can work. You become ill and miss 4 months of work but receive sick pay. You continue to pay the nanny to care for the children while you are ill. Your absence is not a short, temporary absence, and your expenses are not considered work-related.

Part-time work. If you work part-time, you generally must figure your expenses for each day. However, if you have to pay for care weekly, monthly, or in another way that includes both days worked and days not worked, you can figure your credit including the expenses you paid for days you did not work. Any day when you work at least 1 hour is a day of work.

Example 1. You work 3 days a week. While you work, your 6-year-old child attends a dependent care center, which complies with all state and local regulations. You can pay the center \$150 for any 3 days a week or \$250 for 5 days a week. Your child attends the center 5 days a week. Your work-related expenses are limited to \$150 a week.

Example 2. The facts are the same as in *Example 1* except the center does not offer a 3-day option. The entire \$250 weekly fee may be a work-related expense.

Care of a Qualifying Person

To be work-related, your expenses must be to provide care for a qualifying person.

You do not have to choose the least expensive way of providing the care. The cost of a paid care provider may be an expense for the care of a qualifying person even if another care provider is available at no cost.

Expenses are for the care of a qualifying person only if their main purpose is the person's well-being and protection.

Expenses for household services qualify if part of the services is for the care of qualifying persons. See [Household Services](#), later.

Expenses not for care. Expenses for care do not include amounts you pay for food, lodging, clothing, education, and entertainment. However, you can include small amounts paid for these items if they are incident to and cannot be separated from the cost of caring for the qualifying person. Otherwise, see the discussion of [Expenses partly work-related](#), later.

Education. Expenses for a child in nursery school, pre-school, or similar programs for children below the level of kindergarten are expenses for care.

Expenses to attend kindergarten or a higher grade are not expenses for care. Do not use these expenses to figure your credit.

However, expenses for before- or after-school care of a child in kindergarten or a higher grade may be expenses for care.

Summer school and tutoring programs are not for care.

Example 1. You take your 3-year-old child to a nursery school that provides lunch and a few educational activities

as part of its preschool childcare service. The lunch and educational activities are incident to the childcare, and their cost cannot be separated from the cost of care. You can count the total cost when you figure the credit.

Example 2. You place your 10-year-old child in a boarding school so you can work full time. Only the part of the boarding school expense that is for the care of your child is a work-related expense. You can count that part of the expense in figuring your credit if it can be separated from the cost of education. You cannot count any part of the amount you pay the school for your child's education.

Care outside your home. You can count the cost of care provided outside your home if the care is for your dependent under age 13, or any other qualifying person who regularly spends at least 8 hours each day in your home.

Dependent care center. You can count care provided outside your home by a dependent care center only if the center complies with all state and local regulations, if any, that apply to these centers.

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, even if the center is not run for profit.

Camp. The cost of sending your child to an overnight camp is not considered a work-related expense.

The cost of sending your child to a day camp may be a work-related expense, even if the camp specializes in a particular activity, such as computers or soccer.

Transportation. If a care provider takes a qualifying person to or from a place where care is provided, that transportation is for the care of the qualifying person. This includes transportation by bus, subway, taxi, or private car. However, transportation not provided by a care provider is not for the care of a qualifying person. Also, if you pay the transportation cost for the care provider to come to your home, that expense is not for care of a qualifying person.

Fees and deposits. Fees you paid to an agency to get the services of a care provider, deposits you paid to an agency or pre-school, application fees, and other indirect expenses are work-related expenses if you have to pay them to get care, even though they are not directly for care. However, a forfeited deposit is not for the care of a qualifying person if care is not provided.

Example 1. You paid a fee to an agency to get the services of the nanny who cares for your 2-year-old daughter while you work. The fee you paid is a work-related expense.

Example 2. You placed a deposit with a pre-school to reserve a place for your 3-year-old child. You later sent your child to a different pre-school and forfeited the deposit. The forfeited deposit is not for care and so is not a work-related expense.

Household Services

Expenses you pay for household services meet the work-related expense test if they are at least partly for the well-being and protection of a qualifying person.

Definition. Household services are ordinary and usual services done in and around your home that are necessary to run your home. They include the services of a housekeeper, maid, or cook. However, they do not include the services of a chauffeur, bartender, or gardener.

Housekeeper. In this publication, the term housekeeper refers to any household employee whose services include the care of a qualifying person.

Expenses partly work-related. If part of an expense is work-related (for either household services or the care of a qualifying person) and part is for other purposes, you have to divide the expense. To figure your credit, count only the part that is work-related. However, you do not have to divide the expense if only a small part is for other purposes.

Example. You pay a housekeeper to care for your 9-year-old and 15-year-old children so you can work. The housekeeper spends most of the time doing normal household work and spends 30 minutes a day driving you to and from work. You do not have to divide the expenses. You can treat the entire expense of the housekeeper as work-related because the time spent driving is minimal. Nor do you have to divide the expenses between the two children, even though the expenses are partly for the 15-year-old child who is not a qualifying person, because the expense is also partly for the care of your 9-year-old child, who is a qualifying person. However, the dollar limit (discussed later) is based on one qualifying person, not two.

Meals and lodging provided for housekeeper. If you have expenses for meals that your housekeeper eats in your home because of his or her employment, count these as work-related expenses. If you have extra expenses for providing lodging in your home to the housekeeper, count these as work-related expenses also.

Example. To provide lodging to the housekeeper, you move to an apartment with an extra bedroom. You can count the extra rent and utility expenses for the housekeeper's bedroom as work-related. However, if your housekeeper moves into an existing bedroom in your home, you can count only the extra utility expenses as work-related.

Taxes paid on wages. The taxes you pay on wages for qualifying child and dependent care services are work-related expenses. For more information on a household employer's tax responsibilities, see [Employment Taxes for Household Employers](#), later.

Payments to Relatives or Dependents

You can count work-related payments you make to relatives who are not your dependents, even if they live in your home. However, do not count any amounts you pay to:

1. A dependent for whom you (or your spouse if filing jointly) can claim an exemption,
2. Your child who was under age 19 at the end of the year, even if he or she is not your dependent,
3. A person who was your spouse any time during the year, or
4. The parent of your qualifying person if your qualifying person is your child and under age 13.

Joint Return Test

Generally, married couples must file a joint return to take the credit. However, if you are legally separated or living apart from your spouse, you may be able to file a separate return and still take the credit.

Legally separated. You are not considered married if you are legally separated from your spouse under a decree of divorce or separate maintenance. You are eligible to take the credit on a separate return.

Married and living apart. You are not considered married and are eligible to take the credit if all the following apply.

1. You file a return apart from your spouse.
2. Your home is the home of a qualifying person for more than half the year.
3. You pay more than half the cost of keeping up your home for the year.
4. Your spouse does not live in your home for the last 6 months of the year.

Costs of keeping up a home. The costs of keeping up a home normally include property taxes, mortgage interest, rent, utility charges, home repairs, insurance on the home, and food eaten at home.

The costs of keeping up a home do not include payments for clothing, education, medical treatment, vacations, life insurance, transportation, or mortgage principal.

They also do not include the purchase, permanent improvement, or replacement of property. For example, you cannot include the cost of replacing a water heater. However, you can include the cost of repairing a water heater.

Death of spouse. If your spouse died during the year and you do not remarry before the end of the year, you generally must file a joint return to take the credit. If you do remarry before the end of the year, the credit can be claimed on your deceased spouse's own return.

Provider Identification Test

You must identify all persons or organizations that provide care for your child or dependent. Use Form 2441, Part I, to show the information.

Information needed. To identify the care provider, you must give the provider's:

1. Name,

2. Address, and
3. Taxpayer identification number.

If the care provider is an individual, the taxpayer identification number is his or her social security number or individual taxpayer identification number. If the care provider is an organization, then it is the employer identification number (EIN).

You do not have to show the taxpayer identification number if the care provider is a tax-exempt organization (such as a church or school). In this case, enter "Tax-Exempt" in the space where the tax form calls for the number.

If you cannot provide all of the information or the information is incorrect, you must be able to show that you used *Due diligence* (discussed later) in trying to furnish the necessary information.

Getting the information. You can use Form W-10, Dependent Care Provider's Identification and Certification, to request the required information from the care provider. If you do not use Form W-10, you can get the information from one of the other sources listed in the instructions for Form W-10, including:

1. A copy of the provider's social security card,
2. A copy of the provider's completed Form W-4, Employee's Withholding Allowance Certificate, if he or she is your household employee,
3. A copy of the statement furnished by your employer if the provider is your employer's dependent care plan, or
4. A letter or invoice from the provider if it shows the necessary information.



You should keep this information with your tax records. Do not send Form W-10 (or other document containing this information) to the Internal Revenue Service.

Due diligence. If the care provider information you give is incorrect or incomplete, your credit may not be allowed. However, if you can show that you used due diligence in trying to supply the information, you can still claim the credit.

You can show due diligence by getting and keeping the provider's completed Form W-10 or one of the other sources of information listed earlier. Care providers can be penalized if they do not provide this information to you or if they provide incorrect information.

Provider refusal. If the provider refuses to give you the identifying information, you should report whatever information you have (such as the name and address) on the form you use to claim the credit. Enter "See Attached Statement" in the columns calling for the information you do not have. Then attach a statement explaining that you requested the information from the care provider, but the provider did not give you the information. Be sure to enter your name and social security number on this statement. The statement will show that you used due diligence in trying to furnish the necessary information.

U.S. citizens and resident aliens living abroad. If you are living abroad, your care provider may not have, and may not be required to get, a U.S. taxpayer identification number (for example, an SSN or an EIN). If so, enter "LAFCP" (Living Abroad Foreign Care Provider) in the space for the care provider's taxpayer identification number.

Note. If you do not have any care providers and you are filing Form 2441 only to report taxable income in Part III, enter "none" in line 1, column (a).

How To Figure the Credit

Your credit is a percentage of your work-related expenses. Your expenses are subject to the earned income limit and the dollar limit. The percentage is based on your adjusted gross income.

Figuring Total Work-Related Expenses

To figure the credit for 2011 work-related expenses, count only those you paid by December 31, 2011.

Expenses prepaid in an earlier year. If you pay for services before they are provided, you can count the prepaid expenses only in the year the care is received. Claim the expenses for the later year as if they were actually paid in that later year.

Expenses not paid until the following year. Do not count 2010 expenses that you paid in 2011 as work-related expenses for 2011. You may be able to claim an additional credit for them on your 2011 return, but you must figure it separately. See [Payments for prior year's expenses](#) under *Amount of Credit*, later.



If you had expenses in 2011 that you did not pay until 2012, you cannot count them when figuring your 2011 credit. You may be able to claim a credit for them on your 2012 return.

Expenses reimbursed. If a state social services agency pays you a nontaxable amount to reimburse you for some of your child and dependent care expenses, you cannot count the expenses that are reimbursed as work-related expenses.

Example. You paid work-related expenses of \$3,000. You are reimbursed \$2,000 by a state social services agency. You can use only \$1,000 to figure your credit.

Medical expenses. Some expenses for the care of qualifying persons who are not able to care for themselves may qualify as work-related expenses and also as medical expenses. You can use them either way, but you cannot use the same expenses to claim both a credit and a medical expense deduction.

If you use these expenses to figure the credit and they are more than the earned income limit or the dollar limit, discussed later, you can add the excess to your medical expenses. However, if you use your total expenses to

figure your medical expense deduction, you cannot use any part of them to figure your credit. For information on medical expenses, see Publication 502, *Medical and Dental Expenses*.



Amounts excluded from your income under your employer's dependent care benefits plan cannot be used to claim a medical expense deduction.

Dependent Care Benefits

If you receive dependent care benefits, your dollar limit for purposes of the credit may be reduced. See [Reduced Dollar Limit](#), later. But, even if you cannot take the credit, you may be able to take an exclusion or deduction for the dependent care benefits.

Dependent care benefits. Dependent care benefits include:

1. Amounts your employer paid directly to either you or your care provider for the care of your qualifying person while you work,
2. The fair market value of care in a daycare facility provided or sponsored by your employer, and
3. Pre-tax contributions you made under a dependent care flexible spending arrangement.

Your salary may have been reduced to pay for these benefits. If you received benefits as an employee, they should be shown in box 10 of your Form W-2, Wage and Tax Statement. See [Statement for employee](#), later. Benefits you received as a partner should be shown in box 13 of your Schedule K-1 (Form 1065) with code O.

Enter the amount of these benefits on Form 2441, Part III, line 12.

Exclusion or deduction. If your employer provides dependent care benefits under a qualified plan, you may be able to exclude these benefits from your income. Your employer can tell you whether your benefit plan qualifies. To claim the exclusion, you must complete Part III of Form 2441. You cannot use Form 1040EZ.

If you are self-employed and receive benefits from a qualified dependent care benefit plan, you are treated as both employer and employee. Therefore, you would not get an exclusion from wages. Instead, you would get a deduction on Form 1040, Schedule C, line 14; Schedule E, line 19 or 28; or Schedule F, line 15. To claim the deduction, you must use Form 2441.

The amount you can exclude or deduct is limited to the smallest of:

1. The total amount of dependent care benefits you received during the year,
2. The total amount of qualified expenses you incurred during the year,
3. Your earned income,
4. Your spouse's earned income, or
5. \$5,000 (\$2,500 if married filing separately).

Figuring earned income. The definition of earned income for the exclusion or deduction is the same as the definition used when figuring the credit except that:

- Earned income for the exclusion or deduction does not include any dependent care benefits you receive, and
- You can elect to include nontaxable combat pay in earned income for the exclusion or deduction even if you did not choose to include it in earned income for the credit for child and dependent care expenses or the earned income credit.

Statement for employee. Your employer must give you a Form W-2 (or similar statement), showing in box 10 the total amount of dependent care benefits provided to you during the year under a qualified plan. Your employer will also include any dependent care benefits over \$5,000 in your wages shown on your Form W-2 in box 1.

Effect of exclusion. If you exclude dependent care benefits from your income, the amount of the excluded benefits:

1. Is not included in your work-related expenses, and
2. Reduces the dollar limit, discussed later.

Earned Income Limit

The amount of work-related expenses you use to figure your credit cannot be more than:

1. Your earned income for the year, if you are single at the end of the year, or
2. The smaller of your or your spouse's earned income for the year, if you are married at the end of the year.

Earned income for the purpose of figuring the credit is defined under [Earned Income Test](#), earlier.



For purposes of item (2), use your spouse's earned income for the entire year, even if you were married for only part of the year.

Example. You remarried on December 3. Your earned income for the year was \$18,000. Your new spouse's earned income for the year was \$2,000. You paid work-related expenses of \$3,000 for the care of your 5-year-old child and qualified to claim the credit. The amount of expenses you use to figure your credit cannot be more than \$2,000 (the smaller of your earned income or that of your spouse).

Separated spouse. If you are legally separated or married and living apart from your spouse (as described under [Joint Return Test](#), earlier), you are not considered married for purposes of the earned income limit. Use only your income in figuring the earned income limit.

Surviving spouse. If your spouse died during the year and you file a joint return as a surviving spouse, you may, but are not required to, take into account the earned income of your spouse who died during the year.

Community property laws. Disregard community property laws when you figure earned income for this credit.

Self-employment earnings. If you are self-employed, include your net earnings in earned income. For purposes of the child and dependent care credit, net earnings from self-employment generally means the amount from Schedule SE (either Section A or Section B), line 3, minus any deduction for self-employment tax on Form 1040 or Form 1040NR, line 27. Include your self-employment earnings in earned income, even if they are less than \$400 and you did not file Schedule SE.

Clergy or church employee. If you are a member of the clergy or a church employee, see the instructions for Form 2441 for details.

Statutory employee. If you filed Schedule C (Form 1040) or C-EZ (Form 1040) to report income as a statutory employee, also include as earned income the amount from line 1 of that Schedule C (Form 1040) or C-EZ (Form 1040).

Net loss. You must reduce your earned income by any net loss from self-employment.

Optional method if earnings are low or a net loss. If your net earnings from self-employment are low or you have a net loss, you may be able to figure your net earnings by using an optional method instead of the regular method. Get Publication 334, Tax Guide for Small Business, for details. If you use an optional method to figure net earnings for self-employment tax purposes, include those net earnings in your earned income for this credit. In this case, subtract any deduction you claimed on Form 1040 or Form 1040NR, line 27, from the total of the amounts on Schedule SE, Section B, lines 3 and 4b, to figure your net earnings.

Student-spouse or spouse not able to care for self. Your spouse who is either a full-time student or not able to care for himself or herself is treated as having earned income. His or her earned income for each month is considered to be at least \$250 if there is one qualifying person in your home, or at least \$500 if there are two or more.

Spouse works. If your spouse works during that month, use the higher of \$250 (or \$500) or his or her actual earned income for that month.

Spouse qualifies for part of month. If your spouse is a full-time student or not able to care for himself or herself for only part of a month, the full \$250 (or \$500) still applies for that month.

Both spouses qualify. If, in the same month, both you and your spouse are either full-time students or not able to care for yourselves, only one spouse can be considered to have this earned income of \$250 (or \$500) for that month.

Example. Jim works and keeps up a home for himself and his wife Sharon. Because of an accident, Sharon is not able to care for herself for 11 months during the tax year.

During the 11 months, Jim pays \$3,300 of work-related expenses for Sharon's care. These expenses also qualify as medical expenses. Their adjusted gross income is \$29,000 and the entire amount is Jim's earned income.

Jim and Sharon's earned income limit is the smallest of the following amounts.

Jim and Sharon's Earned Income Limit

1) Work-related expenses Jim paid	\$	3,300
2) Jim's earned income	\$	29,000
3) Income considered earned by Sharon (11 × \$250)	\$	2,750

Jim and Sharon can use \$2,750 to figure the credit and treat the balance of \$550 (\$3,300 – \$2,750) as a medical expense. However, if they use the \$3,300 first as a medical expense, they cannot use any part of that amount to figure the credit.

Dollar Limit

There is a dollar limit on the amount of your work-related expenses you can use to figure the credit. This limit is \$3,000 for one qualifying person, or \$6,000 for two or more qualifying persons.

TIP *If you paid work-related expenses for the care of two or more qualifying persons, the \$6,000 limit does not need to be divided equally among them. For example, if your work-related expenses for the care of one qualifying person are \$3,200 and your work-related expenses for another qualifying person are \$2,800, you can use the total, \$6,000, when figuring the credit.*

Yearly limit. The dollar limit is a yearly limit. The amount of the dollar limit remains the same no matter how long, during the year, you have a qualifying person in your household. Use the \$3,000 limit if you paid work-related expenses for the care of one qualifying person at any time during the year. Use \$6,000 if you paid work-related expenses for the care of more than one qualifying person at any time during the year.

Example 1. You pay \$500 a month for after-school care for your son. He turned 13 on May 1 and is no longer a qualifying person. You can use the \$2,000 of expenses for his care January through April to figure your credit because it is not more than the \$3,000 yearly limit.

Example 2. In July of this year, to permit your spouse to begin a new job, you enrolled your 3-year-old daughter in a nursery school that provides preschool childcare. You paid \$300 per month for the childcare. You can use the full \$1,800 you paid (\$300 × 6 months) as qualified expenses because it is not more than the \$3,000 yearly limit.

Reduced Dollar Limit

If you received dependent care benefits that you exclude or deduct from your income, you must subtract that amount from the dollar limit that applies to you. Your reduced dollar limit is figured on Form 2441, Part III. See [Dependent Care Benefits](#), earlier, for information on excluding or deducting these benefits.

Example. George is a widower with one child and earns \$24,000 a year. He pays work-related expenses of \$2,900 for the care of his 4-year-old child and qualifies to claim the

credit for child and dependent care expenses. His employer pays an additional \$1,000 under a qualified dependent care benefit plan. This \$1,000 is excluded from George's income.

Although the dollar limit for his work-related expenses is \$3,000 (one qualifying person), George figures his credit on only \$2,000 of the \$2,900 work-related expenses he paid. This is because his dollar limit is reduced as shown next.

George's Reduced Dollar Limit

1) Maximum allowable expenses for one qualifying person	\$3,000
2) Minus: Dependent care benefits George excludes from income	<u>-1,000</u>
3) Reduced dollar limit on expenses George can use for the credit	<u><u>\$2,000</u></u>

Amount of Credit

To determine the amount of your credit, multiply your work-related expenses (after applying the earned income and dollar limits) by a percentage. This percentage depends on your adjusted gross income shown on Form 1040, line 38; Form 1040A, line 22; or Form 1040NR, line 37. The following table shows the percentage to use based on adjusted gross income.

IF your adjusted gross income is:		THEN the percentage is:	
Over:	But not over:		
\$ 0	—	\$15,000	35%
15,000	—	17,000	34%
17,000	—	19,000	33%
19,000	—	21,000	32%
21,000	—	23,000	31%
23,000	—	25,000	30%
25,000	—	27,000	29%
27,000	—	29,000	28%
29,000	—	31,000	27%
31,000	—	33,000	26%
33,000	—	35,000	25%
35,000	—	37,000	24%
37,000	—	39,000	23%
39,000	—	41,000	22%
41,000	—	43,000	21%
43,000	—	No limit	20%

To qualify for the credit, you must have 1 or more qualifying persons. You should show the expenses for each person in line 2, column (c). However, it is possible a qualifying person could have no expenses and a second qualifying person could have expenses exceeding \$3,000. You should list -0- for the one person and the actual amount for the second person. The \$6,000 limit would still be used to compute your credit unless you already excluded or deducted, in Part III, certain dependent care benefits paid to you (or on your behalf) by your employer.

Example. Roger and Megan Paris have 2 qualifying children. They received \$1,000 of dependent care benefits from Megan's employer during 2011, but they incurred a total of \$19,500 of child and dependent care expenses. They complete Part III of Form 2441 to exclude the \$1,000 from their taxable income (offsetting \$1,000 of their expenses). Roger and Megan continue to line 27 to compute the amount for a credit against their tax from the remaining \$18,500 of expenses.

Line 30 tells them to complete line 2 without including any dependent care benefits. They proceed to enter the following on line 2.

(a) Qualifying person's name		(b) Qualifying person's social security number	(c) Qualified expenses you incurred and paid in 2011 for the person listed in column (a)
First	Last		
Susan	Paris	123-00-6789	-0-
James	Paris	987-00-4321	18,500.00

All of Susan's expenses were covered by the \$1,000 of employer provided dependent care benefits, however, their son James has special needs and his expenses have not been fully considered. Line 3 imposes a \$5,000 limit for two or more children (\$6,000 limit, minus \$1,000 already offset = \$5,000) and Roger and Megan continue to complete the form.

Note. Even though line 2 indicates one of the Paris's children did not have any dependent care expenses, it does not change the fact that they had 2 qualifying children for the purposes of Form 2441.

Payments for prior year's expenses. If you had work-related expenses in 2010 that you paid in 2011, you may be able to increase the credit on your 2011 return. Attach a statement to your form showing how you figured the additional amount from 2010. Then enter "CPYE" (Credit for Prior Year Expenses) and the amount of the credit on the dotted line next to line 9 on Form 2441. Also enter the name and taxpayer identification number of the person for whom you paid the prior year's expenses. Then add this credit to the amount on line 9, and replace the amount on line 9 with the total. See Worksheet A, later.

Example. In 2010, Sam and Kate had childcare expenses of \$2,600 for their 12-year-old child. Of the \$2,600, they paid \$2,000 in 2010 and \$600 in 2011. Their adjusted gross income for 2010 was \$30,000. Sam's earned income of \$14,000 was less than Kate's earned income. A credit for their 2010 expenses paid in 2011 is not allowed in 2010. It is allowed for the 2011 tax year, but they must use their adjusted gross income for 2010 to compute the amount. The worksheet they used to figure this credit is shown later.

Sam and Kate add the \$162 from line 13 of this worksheet to their 2011 credit and enter the total on their Form 2441, line 9. They enter "CPYE \$162" and their child's name and SSN in the space to the left of line 9.

How To Claim the Credit

To claim the credit, you can file Form 1040, Form 1040A, or Form 1040NR. You cannot claim the credit on Form 1040EZ or Form 1040NR-EZ.

Form 1040, Form 1040A, or Form 1040NR. You must complete Form 2441 and attach it to your Form 1040, Form 1040A, or Form 1040NR. Enter the credit on your Form

1040, line 48, Form 1040A, line 29, or Form 1040NR, line 46.

Limit on credit. The amount of credit you can claim is limited to your regular tax (after reduction by any allowable foreign tax credit) plus your alternative minimum tax, if any. For more information, see the instructions for Form 2441.

Tax credit not refundable. You cannot get a refund for any part of the credit that is more than this limit.



Recordkeeping. You should keep records of your work-related expenses. Also, if your dependent or spouse is not able to care for himself or herself, your records should show both the nature and length of the disability. Other records you should keep to support your claim for the credit are described under [Provider Identification Test](#), earlier.

Employment Taxes for Household Employers

If you pay someone to come to your home and care for your dependent or spouse, you may be a household employer. If you are a household employer, you will need an employer identification number (EIN) and you may have to pay employment taxes. If the individuals who work in your home are self-employed, you are not liable for any of the taxes discussed in this section. Self-employed persons who are in business for themselves are not household employees. Usually, you are not a household employer if the person who cares for your dependent or spouse does so at his or her home or place of business.

If you use a placement agency that exercises control over what work is done and how it will be done by a babysitter or companion who works in your home, the worker is not your employee. This control could include providing rules of conduct and appearance and requiring regular reports. In this case, you do not have to pay employment taxes. But, if an agency merely gives you a list of sitters and you hire one from that list, and pay the sitter directly, the sitter may be your employee.

If you have a household employee, you may be subject to:

1. Social security and Medicare taxes,
2. Federal unemployment tax, and
3. Federal income tax withholding.

Social security and Medicare taxes are generally withheld from the employee's pay and matched by the employer. Federal unemployment (FUTA) tax is paid by the employer only and provides for payments of unemployment compensation to workers who have lost their jobs. Federal income tax is withheld from the employee's total pay if the employee asks you to do so and you agree.

For more information on a household employer's tax responsibilities, see Publication 926 and Schedule H (Form 1040) and its instructions.

State employment tax. You may also have to pay state unemployment tax. Contact your state unemployment tax office for information. You should also find out whether you need to pay or collect other state employment taxes or carry worker's compensation insurance. A list of state unemployment tax agencies, including addresses and phone numbers, is in Publication 926.

Examples

The following examples show how to figure the credit for child and dependent care expenses. Filled-in Form 2441 (filed with Forms 1040A and 1040) that illustrates *Examples 1 and 2* are shown after the examples.

Example 1. Childcare — Two Children

Jerry and Ann Jones are married and keep up a home for their two preschool children, ages 2 and 4. They claim their children as dependents and file a joint return using Form 1040A. Their adjusted gross income (AGI) is \$27,500. Jerry earned \$12,500 and Ann earned \$15,000.

During the year, they pay work-related expenses of \$3,000 for childcare for their son Daniel at a neighbor's home and \$3,200 for childcare for their daughter Amy at Pine Street Nursery School.

They figure their credit on Form 2441 as follows.

1)	Childcare provided by their neighbor	\$	3,000
2)	Childcare provided by the nursery school		<u>+3,200</u>

3)	Total work-related expenses	\$	6,200
4)	Dollar limit	\$	<u>6,000</u>
5)	Lesser of expenses paid (\$6,200) or dollar limit (\$6,000)	\$	6,000
6)	Percentage for AGI of \$27,500 (28%)		<u>.28</u>
7)	Multiply the amount on line 5 by the percentage on line 6 (\$6,000 x .28)	\$	1,680
8)	Enter the amount from line 28 of Form 1040A	\$	111
9)	Credit (Enter the smaller of line 7 or line 8)	\$	<u>111</u>

The amount of credit they can claim is limited to their tax, \$111.

Example 2. Dependent Care Benefits

Joan Thomas is divorced and has two dependent children, ages 3 and 9. She works at ACME Computers. Her adjusted gross income (AGI) (shown on her Form 1040, line 38) is \$29,000, and the entire amount is earned income.

Joan's younger child (Susan) stays at her employer's on-site childcare center while she works. The benefits from this childcare center qualify to be excluded from her income. Her employer reports the value of this service as \$3,000 for the year. This \$3,000 is shown on her Form W-2 in box 10, but is not included in taxable wages in box 1.

A neighbor cares for Joan's older child (Seth) after school, on holidays, and during the summer. She pays her neighbor \$2,400 for this care.

Joan figures her credit on Form 2441 as follows.

1)	Work-related expenses Joan paid	\$	2,400
2)	Dollar limit (2 or more qualified individuals)	\$	6,000
3)	Minus: Dependent care benefits excluded from Joan's income		<u>-3,000</u>
4)	Reduced dollar limit	\$	<u>3,000</u>
5)	Lesser of expenses paid (\$2,400) or dollar limit (\$3,000)	\$	2,400
6)	Percentage for AGI of \$29,000 (28%)		<u>.28</u>
7)	Multiply the amount on line 5 by the percentage on line 6 (\$2,400 x .28)	\$	672
8)	Enter the amount from Form 1040, line 46	\$	943
9)	Enter the amount from Form 1040, line 47		<u>0</u>
10)	Subtract line 9 from line 8	\$	943
11)	Credit (Enter the smaller of line 7 or line 10)	\$	<u>672</u>

Use this worksheet to figure the credit you may claim for 2010 expenses paid in 2011.

1. Enter your 2010 qualified expenses paid in 2010 1. _____
2. Enter your 2010 qualified expenses paid in 2011 2. _____
3. Add the amounts on lines 1 and 2 3. _____
4. Enter \$3,000 if care was for one qualifying person (\$6,000 if for two or more) 4. _____
5. Enter any dependent care benefits received for 2010 and excluded from your income (from your 2010 Form 2441, line 25). 5. _____
6. Subtract the amount on line 5 from the amount on line 4 and enter the result 6. _____
7. Compare your earned income for 2010 and your spouse's earned income for 2010 and enter the smaller amount 7. _____
8. Compare the amounts on lines 3, 6, and 7 and enter the smallest amount 8. _____
9. Enter the amount on which you figured the credit for 2010 (from your 2010 Form 2441, line 6). 9. _____
10. Subtract the amount on line 9 from the amount on line 8 and enter the result. If zero or less, stop here. You cannot increase your credit by any previous year's expenses 10. _____
11. Enter your 2010 adjusted gross income (from your 2010 Form 1040, line 38; Form 1040A, line 22; or Form 1040NR, line 37). 11. _____
12. Find your 2010 adjusted gross income in the table below and enter the corresponding decimal amount here 12. _____

<u>IF your 2010 adjusted gross income is:</u>		<u>THEN the decimal</u>
<u>Over:</u>	<u>But not over:</u>	<u>amount is:</u>
\$ 0	— \$15,000	.35
15,000	— 17,000	.34
17,000	— 19,000	.33
19,000	— 21,000	.32
21,000	— 23,000	.31
23,000	— 25,000	.30
25,000	— 27,000	.29
27,000	— 29,000	.28
29,000	— 31,000	.27
31,000	— 33,000	.26
33,000	— 35,000	.25
35,000	— 37,000	.24
37,000	— 39,000	.23
39,000	— 41,000	.22
41,000	— 43,000	.21
43,000	— No limit	.20

13. Multiply line 10 by line 12. Add this amount to your 2011 credit and enter the total on your 2011 Form 2441, line 9. Enter the following on the dotted line next to line 9 of Form 2441:
 - "CPYE"
 - The amount of this credit for a prior year's expenses

Also, attach a statement to your tax return showing the name and taxpayer identification number of the person for whom you paid the prior year's expenses and how you figured the credit. 13. _____

Worksheet A. Filled-in Worksheet for 2010 Expenses Paid in 2011

Use this worksheet to figure the credit you may claim for 2010 expenses paid in 2011.

<p>1. Enter your 2010 qualified expenses paid in 2010</p> <p>2. Enter your 2010 qualified expenses paid in 2011</p> <p>3. Add the amounts on lines 1 and 2</p> <p>4. Enter \$3,000 if care was for one qualifying person (\$6,000 if for two or more)</p> <p>5. Enter any dependent care benefits received for 2010 and excluded from your income (from 2010 Form 2441, line 25)</p> <p>6. Subtract the amount on line 5 from the amount on line 4 and enter the result</p> <p>7. Compare your earned income for 2010 and your spouse's earned income for 2010 and enter the smaller amount</p> <p>8. Compare the amounts on lines 3, 6, and 7 and enter the smallest amount</p> <p>9. Enter the amount on which you figured the credit for 2010 (from your 2010 Form 2441, line 6).</p> <p>10. Subtract the amount on line 9 from the amount on line 8 and enter the result. If zero or less, stop here. You cannot increase your credit by any previous year's expenses</p> <p>11. Enter your 2010 adjusted gross income (from your 2010 Form 1040, line 38; Form 1040A, line 22; or Form 1040NR, line 37)</p> <p>12. Find your 2010 adjusted gross income in the table below and enter the corresponding decimal amount here</p>	<p>1. <u> </u> \$2,000</p> <p>2. <u> </u> 600</p> <p>3. <u> </u> 2,600</p> <p>4. <u> </u> 3,000</p> <p>5. <u> </u> 0</p> <p>6. <u> </u> 3,000</p> <p>7. <u> </u> 14,000</p> <p>8. <u> </u> 2,600</p> <p>9. <u> </u> 2,000</p> <p>10. <u> </u> 600</p> <p>11. <u> </u> 30,000</p> <p>12. <u> </u> .27</p>
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<u>IF your 2010 adjusted gross income is:</u>		<u>THEN the decimal amount is:</u>
<u>Over</u>	<u>But not over</u>	
\$ 0	— \$15,000	.35
15,000	— 17,000	.34
17,000	— 19,000	.33
19,000	— 21,000	.32
21,000	— 23,000	.31
23,000	— 25,000	.30
25,000	— 27,000	.29
27,000	— 29,000	.28
29,000	— 31,000	.27
31,000	— 33,000	.26
33,000	— 35,000	.25
35,000	— 37,000	.24
37,000	— 39,000	.23
39,000	— 41,000	.22
41,000	— 43,000	.21
43,000	— No limit	.20

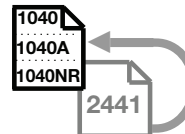
13. Multiply line 10 by line 12. Add this amount to your 2011 credit and enter the total on your 2011 Form 2441, line 9. Enter the following on the dotted line next to line 9 of Form 2441:

- "CPYE"
- The amount of this credit for a prior year's expenses

Also, attach a statement to your tax return showing the name and taxpayer identification number of the person for whom you paid the prior year's expenses and how you figured the credit.

	13. <u> </u> \$162
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Child and Dependent Care Expenses



Department of the Treasury
Internal Revenue Service (99)

▶ **Attach to Form 1040, Form 1040A, or Form 1040NR.**
▶ **See separate instructions.**

Name(s) shown on return
Jerry & Ann Jones

Your social security number
246-00-2468

Part I Persons or Organizations Who Provided the Care—You must complete this part.
(If you have more than two care providers, see the instructions.)

1	(a) Care provider's name	(b) Address (number, street, apt. no., city, state, and ZIP code)	(c) Identifying number (SSN or EIN)	(d) Amount paid (see instructions)
	Sue Smith	<i>413 Maple Street, Anytown, PA 18605</i>	<i>132-00-5467</i>	<i>3,000</i>
	Pine Street Nursery School	<i>706 Pine Street, Anytown, PA 18605</i>	<i>10-6754321</i>	<i>3,200</i>

Did you receive dependent care benefits? **No** Complete only Part II below.
 Yes Complete Part III on the back next.

Caution. If the care was provided in your home, you may owe employment taxes. If you do, you cannot file Form 1040A. For details, see the instructions for Form 1040, line 59a, or Form 1040NR, line 58a.

Part II Credit for Child and Dependent Care Expenses

2 Information about your qualifying person(s). If you have more than two qualifying persons, see the instructions.

(a) Qualifying person's name		(b) Qualifying person's social security number	(c) Qualified expenses you incurred and paid in 2011 for the person listed in column (a)
First	Last		
Daniel	Jones	<i>123-00-9876</i>	<i>3,000</i>
Amy	Jones	<i>123-00-6789</i>	<i>3,200</i>

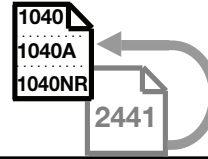
3	Add the amounts in column (c) of line 2. Do not enter more than \$3,000 for one qualifying person or \$6,000 for two or more persons. If you completed Part III, enter the amount from line 31	3	<i>6,000</i>																																												
4	Enter your earned income . See instructions	4	<i>12,500</i>																																												
5	If married filing jointly, enter your spouse's earned income (if your spouse was a student or was disabled, see the instructions); all others , enter the amount from line 4	5	<i>15,000</i>																																												
6	Enter the smallest of line 3, 4, or 5	6	<i>6,000</i>																																												
7	Enter the amount from Form 1040, line 38; Form 1040A, line 22; or Form 1040NR, line 37.	7	<i>27,500</i>																																												
8	Enter on line 8 the decimal amount shown below that applies to the amount on line 7	8	<i>X . 28</i>																																												
<table border="0"> <thead> <tr> <th colspan="2">If line 7 is:</th> <th colspan="2">If line 7 is:</th> </tr> <tr> <th>Over</th> <th>But not over</th> <th>Over</th> <th>But not over</th> </tr> <tr> <th></th> <th>Decimal amount is</th> <th></th> <th>Decimal amount is</th> </tr> </thead> <tbody> <tr> <td>\$0—15,000</td> <td>.35</td> <td>\$29,000—31,000</td> <td>.27</td> </tr> <tr> <td>15,000—17,000</td> <td>.34</td> <td>31,000—33,000</td> <td>.26</td> </tr> <tr> <td>17,000—19,000</td> <td>.33</td> <td>33,000—35,000</td> <td>.25</td> </tr> <tr> <td>19,000—21,000</td> <td>.32</td> <td>35,000—37,000</td> <td>.24</td> </tr> <tr> <td>21,000—23,000</td> <td>.31</td> <td>37,000—39,000</td> <td>.23</td> </tr> <tr> <td>23,000—25,000</td> <td>.30</td> <td>39,000—41,000</td> <td>.22</td> </tr> <tr> <td>25,000—27,000</td> <td>.29</td> <td>41,000—43,000</td> <td>.21</td> </tr> <tr> <td>27,000—29,000</td> <td>.28</td> <td>43,000—No limit</td> <td>.20</td> </tr> </tbody> </table>		If line 7 is:		If line 7 is:		Over	But not over	Over	But not over		Decimal amount is		Decimal amount is	\$0—15,000	.35	\$29,000—31,000	.27	15,000—17,000	.34	31,000—33,000	.26	17,000—19,000	.33	33,000—35,000	.25	19,000—21,000	.32	35,000—37,000	.24	21,000—23,000	.31	37,000—39,000	.23	23,000—25,000	.30	39,000—41,000	.22	25,000—27,000	.29	41,000—43,000	.21	27,000—29,000	.28	43,000—No limit	.20	9	<i>1,680</i>
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9	Multiply line 6 by the decimal amount on line 8. If you paid 2010 expenses in 2011, see the instructions	9	<i>1,680</i>																																												
10	Tax liability limit. Enter the amount from the Credit Limit Worksheet in the instructions.	10	<i>111</i>																																												
11	Credit for child and dependent care expenses. Enter the smaller of line 9 or line 10 here and on Form 1040, line 48; Form 1040A, line 29; or Form 1040NR, line 46	11	<i>111</i>																																												

Child and Dependent Care Expenses

Department of the Treasury
Internal Revenue Service (99)

▶ Attach to Form 1040, Form 1040A, or Form 1040NR.

▶ See separate instructions.



2011

Attachment
Sequence No. **21**

Name(s) shown on return

Joan Thomas

Your social security number

559-00-3436

Part I Persons or Organizations Who Provided the Care—You must complete this part.
(If you have more than two care providers, see the instructions.)

1	(a) Care provider's name	(b) Address (number, street, apt. no., city, state, and ZIP code)	(c) Identifying number (SSN or EIN)	(d) Amount paid (see instructions)
	Pat Green	12 Ash Avenue, Hometown, TX 75240	240-00-3811	2,400
	ACME Computers	(See W-2)		

Did you receive dependent care benefits? No Yes

Complete only Part II below. Complete Part III on the back next.

Caution. If the care was provided in your home, you may owe employment taxes. If you do, you cannot file Form 1040A. For details, see the instructions for Form 1040, line 59a, or Form 1040NR, line 58a.

Part II Credit for Child and Dependent Care Expenses

2 Information about your **qualifying person(s)**. If you have more than two qualifying persons, see the instructions.

(a) Qualifying person's name		(b) Qualifying person's social security number	(c) Qualified expenses you incurred and paid in 2011 for the person listed in column (a)
First	Last		
Seth	Thomas	559-00-1234	2,400
Susan	Thomas	559-00-5678	

3 Add the amounts in column (c) of line 2. **Do not** enter more than \$3,000 for one qualifying person or \$6,000 for two or more persons. If you completed Part III, enter the amount from line 31

4 Enter your **earned income**. See instructions

5 If married filing jointly, enter your spouse's earned income (if your spouse was a student or was disabled, see the instructions); **all others**, enter the amount from line 4

6 Enter the **smallest** of line 3, 4, or 5

7 Enter the amount from Form 1040, line 38; Form 1040A, line 22; or Form 1040NR, line 37. **7** | 29,000 |

8 Enter on line 8 the decimal amount shown below that applies to the amount on line 7

If line 7 is:			If line 7 is:		
Over	But not over	Decimal amount is	Over	But not over	Decimal amount is
\$0—15,000		.35	\$29,000—31,000		.27
15,000—17,000		.34	31,000—33,000		.26
17,000—19,000		.33	33,000—35,000		.25
19,000—21,000		.32	35,000—37,000		.24
21,000—23,000		.31	37,000—39,000		.23
23,000—25,000		.30	39,000—41,000		.22
25,000—27,000		.29	41,000—43,000		.21
27,000—29,000		.28	43,000—No limit		.20

9 Multiply line 6 by the decimal amount on line 8. If you paid 2010 expenses in 2011, see the instructions

10 Tax liability limit. Enter the amount from the Credit Limit Worksheet in the instructions. **10** | 943 |

11 **Credit for child and dependent care expenses.** Enter the **smaller** of line 9 or line 10 here and on Form 1040, line 48; Form 1040A, line 29; or Form 1040NR, line 46

3	2,400
4	29,000
5	29,000
6	2,400
8	X . 28
9	672
11	672

For Paperwork Reduction Act Notice, see your tax return instructions.

Part III Dependent Care Benefits

12 Enter the total amount of dependent care benefits you received in 2011. Amounts you received as an employee should be shown in box 10 of your Form(s) W-2. Do not include amounts reported as wages in box 1 of Form(s) W-2. If you were self-employed or a partner, include amounts you received under a dependent care assistance program from your sole proprietorship or partnership	12	3,000	
13 Enter the amount, if any, you carried over from 2010 and used in 2011 during the grace period. See instructions	13		
14 Enter the amount, if any, you forfeited or carried forward to 2012. See instructions . . .	14	()
15 Combine lines 12 through 14. See instructions	15	3,000	
16 Enter the total amount of qualified expenses incurred in 2011 for the care of the qualifying person(s) . . .	16	5,400	
17 Enter the smaller of line 15 or 16	17	3,000	
18 Enter your earned income . See instructions	18	29,000	
19 Enter the amount shown below that applies to you. <ul style="list-style-type: none"> • If married filing jointly, enter your spouse's earned income (if your spouse was a student or was disabled, see the instructions for line 5). • If married filing separately, see instructions. • All others, enter the amount from line 18. 	19	29,000	
20 Enter the smallest of line 17, 18, or 19	20	3,000	
21 Enter \$5,000 (\$2,500 if married filing separately and you were required to enter your spouse's earned income on line 19).	21	5,000	
22 Is any amount on line 12 from your sole proprietorship or partnership? (Form 1040A filers go to line 25.) <input type="checkbox"/> No. Enter -0-. <input type="checkbox"/> Yes. Enter the amount here	22	- 0 -	
23 Subtract line 22 from line 15	23	3,000	
24 Deductible benefits. Enter the smallest of line 20, 21, or 22. Also, include this amount on the appropriate line(s) of your return. See instructions	24	- 0 -	
25 Excluded benefits. Form 1040 and 1040NR filers: If you checked "No" on line 22, enter the smaller of line 20 or 21. Otherwise, subtract line 24 from the smaller of line 20 or line 21. If zero or less, enter -0-. Form 1040A filers: Enter the smaller of line 20 or line 21 . . .	25	3,000	
26 Taxable benefits. Form 1040 and 1040NR filers: Subtract line 25 from line 23. If zero or less, enter -0-. Also, include this amount on Form 1040, line 7; or Form 1040NR, line 8. On the dotted line next to Form 1040, line 7; or Form 1040NR, line 8, enter "DCB." Form 1040A filers: Subtract line 25 from line 15. Also, include this amount on Form 1040A, line 7. In the space to the left of line 7, enter "DCB".	26	- 0 -	

To claim the child and dependent care credit, complete lines 27 through 31 below.

27 Enter \$3,000 (\$6,000 if two or more qualifying persons)	27	6,000	
28 Form 1040 and 1040NR filers: Add lines 24 and 25. Form 1040A filers: Enter the amount from line 25	28	3,000	
29 Subtract line 28 from line 27. If zero or less, stop. You cannot take the credit. Exception. If you paid 2010 expenses in 2011, see the instructions for line 9	29	3,000	
30 Complete line 2 on the front of this form. Do not include in column (c) any benefits shown on line 28 above. Then, add the amounts in column (c) and enter the total here.	30	2,400	
31 Enter the smaller of line 29 or 30. Also, enter this amount on line 3 on the front of this form and complete lines 4 through 11	31	2,400	

How To Get Tax Help

You can get help with unresolved tax issues, order free publications and forms, ask tax questions, and get information from the IRS in several ways. By selecting the method that is best for you, you will have quick and easy access to tax help.

Free help with your return. Free help in preparing your return is available nationwide from IRS-certified volunteers. The Volunteer Income Tax Assistance (VITA) program is designed to help low-moderate income taxpayers and the Tax Counseling for the Elderly (TCE) program is designed to assist taxpayers age 60 and older with their tax returns. Most VITA and TCE sites offer free electronic filing and all volunteers will let you know about credits and deductions you may be entitled to claim. To find the nearest VITA or TCE site, visit IRS.gov or call 1-800-906-9887 or 1-800-829-1040.

As part of the TCE program, AARP offers the Tax-Aide counseling program. To find the nearest AARP Tax-Aide site, call 1-888-227-7669 or visit AARP's website at www.aarp.org/money/taxaide.

For more information on these programs, go to IRS.gov and enter keyword "VITA" in the upper right-hand corner.



Internet. You can access the IRS website at IRS.gov 24 hours a day, 7 days a week to:

- *E-file* your return. Find out about commercial tax preparation and *e-file* services available free to eligible taxpayers.
- Check the status of your 2011 refund. Go to IRS.gov and click on *Where's My Refund*. Wait at least 72 hours after the IRS acknowledges receipt of your e-filed return, or 3 to 4 weeks after mailing a paper return. If you filed Form 8379 with your return, wait 14 weeks (11 weeks if you filed electronically). Have your 2011 tax return available so you can provide your social security number, your filing status, and the exact whole dollar amount of your refund.
- Download forms, including talking tax forms, instructions, and publications.
- Order IRS products online.
- Research your tax questions online.
- Search publications online by topic or keyword.
- Use the online Internal Revenue Code, regulations, or other official guidance.
- View Internal Revenue Bulletins (IRBs) published in the last few years.
- Figure your withholding allowances using the withholding calculator online at www.irs.gov/individuals.

- Determine if Form 6251 must be filed by using our Alternative Minimum Tax (AMT) Assistant available online at www.irs.gov/individuals.
- Sign up to receive local and national tax news by email.
- Get information on starting and operating a small business.



Phone. Many services are available by phone.

- *Ordering forms, instructions, and publications.* Call 1-800-TAX -FORM (1-800-829-3676) to order current-year forms, instructions, and publications, and prior-year forms and instructions. You should receive your order within 10 days.
- *Asking tax questions.* Call the IRS with your tax questions at 1-800-829-1040.
- *Solving problems.* You can get face-to-face help solving tax problems every business day in IRS Taxpayer Assistance Centers. An employee can explain IRS letters, request adjustments to your account, or help you set up a payment plan. Call your local Taxpayer Assistance Center for an appointment. To find the number, go to www.irs.gov/localcontacts or look in the phone book under *United States Government, Internal Revenue Service*.
- *TTY/TDD equipment.* If you have access to TTY/TDD equipment, call 1-800-829-4059 to ask tax questions or to order forms and publications.
- *TeleTax topics.* Call 1-800-829-4477 to listen to pre-recorded messages covering various tax topics.
- *Refund information.* To check the status of your 2011 refund, call 1-800-829-1954 or 1-800-829-4477 (automated refund information 24 hours a day, 7 days a week). Wait at least 72 hours after the IRS acknowledges receipt of your e-filed return, or 3 to 4 weeks after mailing a paper return. If you filed Form 8379 with your return, wait 14 weeks (11 weeks if you filed electronically). Have your 2011 tax return available so you can provide your social security number, your filing status, and the exact whole dollar amount of your refund. If you check the status of your refund and are not given the date it will be issued, please wait until the next week before checking back.
- *Other refund information.* To check the status of a prior-year refund or amended return refund, call 1-800-829-1040.

Evaluating the quality of our telephone services. To ensure IRS representatives give accurate, courteous, and professional answers, we use several methods to evaluate the quality of our telephone services. One method is for a second IRS representative to listen in on or record random

telephone calls. Another is to ask some callers to complete a short survey at the end of the call.



Walk-in. Many products and services are available on a walk-in basis.

- **Products.** You can walk in to many post offices, libraries, and IRS offices to pick up certain forms, instructions, and publications. Some IRS offices, libraries, grocery stores, copy centers, city and county government offices, credit unions, and office supply stores have a collection of products available to print from a CD or photocopy from reproducible proofs. Also, some IRS offices and libraries have the Internal Revenue Code, regulations, Internal Revenue Bulletins, and Cumulative Bulletins available for research purposes.
- **Services.** You can walk in to your local Taxpayer Assistance Center every business day for personal, face-to-face tax help. An employee can explain IRS letters, request adjustments to your tax account, or help you set up a payment plan. If you need to resolve a tax problem, have questions about how the tax law applies to your individual tax return, or you are more comfortable talking with someone in person, visit your local Taxpayer Assistance Center where you can spread out your records and talk with an IRS representative face-to-face. No appointment is necessary—just walk in. If you prefer, you can call your local Center and leave a message requesting an appointment to resolve a tax account issue. A representative will call you back within 2 business days to schedule an in-person appointment at your convenience. If you have an ongoing, complex tax account problem or a special need, such as a disability, an appointment can be requested. All other issues will be handled without an appointment. To find the number of your local office, go to www.irs.gov/localcontacts or look in the phone book under *United States Government, Internal Revenue Service*.



Mail. You can send your order for forms, instructions, and publications to the address below. You should receive a response within 10 days after your request is received.

Internal Revenue Service
1201 N. Mitsubishi Motorway
Bloomington, IL 61705-6613

Taxpayer Advocate Service. The Taxpayer Advocate Service (TAS) is your voice at the IRS. Our job is to ensure that every taxpayer is treated fairly, and that you know and understand your rights. We offer free help to guide you through the often-confusing process of resolving tax problems that you haven't been able to solve on your own. Remember, the worst thing you can do is nothing at all.

TAS can help if you can't resolve your problem with the IRS and:

- Your problem is causing financial difficulties for you, your family, or your business.
- You face (or your business is facing) an immediate threat of adverse action.
- You have tried repeatedly to contact the IRS but no one has responded, or the IRS has not responded to you by the date promised.

If you qualify for our help, we'll do everything we can to get your problem resolved. You will be assigned to one advocate who will be with you at every turn. We have offices in every state, the District of Columbia, and Puerto Rico. Although TAS is independent within the IRS, our advocates know how to work with the IRS to get your problems resolved. And our services are always free.

As a taxpayer, you have rights that the IRS must abide by in its dealings with you. Our tax toolkit at www.TaxpayerAdvocate.irs.gov can help you understand these rights.

If you think TAS might be able to help you, call your local advocate, whose number is in your phone book and on our website at www.irs.gov/advocate. You can also call our toll-free number at 1-877-777-4778 or TTY/TDD 1-800-829-4059.

TAS also handles large-scale or systemic problems that affect many taxpayers. If you know of one of these broad issues, please report it to us through our Systemic Advocacy Management System at www.irs.gov/advocate.

Low Income Taxpayer Clinics (LITCs). Low Income Taxpayer Clinics (LITCs) are independent from the IRS. Some clinics serve individuals whose income is below a certain level and who need to resolve a tax problem. These clinics provide professional representation before the IRS or in court on audits, appeals, tax collection disputes, and other issues for free or for a small fee. Some clinics can provide information about taxpayer rights and responsibilities in many different languages for individuals who speak English as a second language. For more information and to find a clinic near you, see the LITC page on www.irs.gov/advocate or IRS Publication 4134, *Low Income Taxpayer Clinic List*. This publication is also available by calling 1-800-829-3676 or at your local IRS office.

Free tax services. Publication 910, *IRS Guide to Free Tax Services*, is your guide to IRS services and resources. Learn about free tax information from the IRS, including publications, services, and education and assistance programs. The publication also has an index of over 100 TeleTax topics (recorded tax information) you can listen to on the telephone. The majority of the information and services listed in this publication are available to you free of charge. If there is a fee associated with a resource or service, it is listed in the publication.

Accessible versions of IRS published products are available on request in a variety of alternative formats for people with disabilities.



DVD for tax products. You can order Publication 1796, IRS Tax Products DVD, and obtain:

- Current-year forms, instructions, and publications.
- Prior-year forms, instructions, and publications.
- Tax Map: an electronic research tool and finding aid.
- Tax law frequently asked questions.
- Tax Topics from the IRS telephone response system.
- Internal Revenue Code—Title 26 of the U.S. Code.
- Links to other Internet based Tax Research materials.

- Fill-in, print, and save features for most tax forms.
- Internal Revenue Bulletins.
- Toll-free and email technical support.
- Two releases during the year.
 - The first release will ship the beginning of January 2012.
 - The final release will ship the beginning of March 2012.

Purchase the DVD from National Technical Information Service (NTIS) at www.irs.gov/cdorders for \$30 (no handling fee) or call 1-877-233-6767 toll free to buy the DVD for \$30 (plus a \$6 handling fee).

Index



To help us develop a more useful index, please let us know if you have ideas for index entries. See “Comments and Suggestions” in the “Introduction” for the ways you can reach us.

A		D		Employment taxes 1 , 7 , 12	
Adoption:		Death of spouse 8		Exclusion from income:	
Taxpayer identification		Dependent care benefits 2 , 9		Employer-provided dependent care	
number 3		Earned income 10		benefits 2 , 9	
Aliens 3		Example calculation 13		Expenses (<i>See also</i> Work-related	
Alternative minimum tax		Dependent care centers 7		expenses) 9	
(AMT) 12		Dependent defined 3		2010 expenses paid in 2011	
Amount of credit 11-12		Dependents (<i>See</i> Qualifying person		(Worksheet A) 14 , 15	
Limit on 12		test)		Education 6	
Assistance (<i>See</i> Tax help)		Deposits 7		Medical 9	
		Disabilities, persons with:		Not for care 6	
		Dependents 3		Prepaid 9	
		Physically or mentally not able to		Reimbursed 9	
		care for self 3			
		Spouse 3 , 5 , 6 , 10			
		Divorced parents 3-5			
		Dollar limit 11			
		Reduced dollar limit 3 , 11			
		Domestic help 7			
		Due diligence 8			
C		E		F	
Calculation of credit 9-12		Earned income:		Fees 7	
Examples 13		Dependent care benefits 9		Figures 2	
Camp, overnight 7		For figuring credit 5		Figuring credit 9-12	
Care:		Limit on 10		Earned income 5	
Dependent care benefits 2 , 9 ,		Net loss 10		Examples 13	
13		Nonworking spouse 5			
Employer-provided benefits 9		Self-employment earnings 10			
Example calculation 13		Statutory employees 10			
Outside home 7		What is not 5			
Provider identification 8		Earned income test 5			
Qualifying person 6		Determination 2			
Children:		Education expenses 6			
Divorced or separated		Employer-provided dependent care			
parents 3		benefits 2 , 9			
Physically or mentally					
disabled 3					
Under age 13 3					
Work-related expense payments to					
relatives 7					
Church employee 10					
Claiming of credit 12					
Tests to claim credit 2					
Clergy 10					
Community property 10					

<hr/>	
H	
Help (See Tax help)	
Household services	6, 7
Employment taxes	12
Housekeepers	7
<hr/>	
I	
Identification of provider	8
Individual taxpayer identification numbers (ITINs):	
For aliens	3
Inmate	5
<hr/>	
J	
Joint return test	8
Tests to claim credit	2
<hr/>	
L	
Limits:	
Amount of credit	12
Dollar	11
Earned income	10
Reduced dollar	3, 11
Looking for work	6
Losses	10
<hr/>	
M	
Married and living apart	8
Meals and lodging for housekeeper	7
Medical expenses	9
Minister	10
Missing children, photographs of	1
More information (See Tax help)	
<hr/>	
N	
Nonrefundability of credit	12
Not able to care for self:	
Qualifying person test	3
Spouse	3, 5, 6, 10
<hr/>	
O	
Outside of home care	7
<hr/>	
P	
Part of year:	
Persons qualifying for	3
Work or looking for work	6
Part-time work	6
<hr/>	
Prepaid expenses	9
Prisoner	5
Provider identification test	2, 8
Publications (See Tax help)	
<hr/>	
Q	
Qualifying child	3
Qualifying person:	
Care for	6
Expenses not for care	6
Qualifying person test	3-5
Tests to claim credit	2
<hr/>	
R	
Recordkeeping requirements	12
Reduced dollar limit	11
Tests to claim credit	3
Refusal by provider to give information	8
Reimbursed expenses	9
Relatives, payments to	2, 7
Religious faiths opposed to social security programs	5
<hr/>	
S	
School expenses	6
Self-employed persons	10
Separated parents	3-5, 8
Separated spouse	10
Sick days	6
Social Security (See also Employment taxes)	12
Religious faiths opposed to	5
Social security numbers	8
Spouse:	
Both spouses qualifying	10
Death of	8
Nonworking, earned income	5
Not able to care for self	3, 5, 6, 10
Qualifying person	3
Separated	10
Student	5, 10
Surviving	10
Working	10
Students:	
Full-time	5
Spouse	5, 10
<hr/>	
T	
Tax help	19
Taxes on wages (See Employment taxes)	
Taxpayer Advocate	20
Taxpayer identification number (TINs)	1, 3
Adoption	3
Aliens	3
Providers	8
Temporary absence	6
Tests to claim credit	2-9
Determination	2
Earned income	5
Qualifying persons	3
Work-related expenses	6
Transportation	7
TTY/TDD information	19
<hr/>	
U	
Unearned income	5
<hr/>	
V	
Vacation	6
Volunteer work	6
<hr/>	
W	
Wages, taxes on (See Employment taxes)	
Withholding:	
Federal income tax	12
Work-related expense test	6-8
Partly work-related expenses	7
Tests to claim credit	2
Work-related expenses:	
Earned income limit	10
Figuring of credit	9
Medical	9
Paid following year	9, 12, 14, 15
Partly work-related expenses	7
Prepaid	9
Recordkeeping	12
Reimbursed	9
Worksheets:	
2010 expenses paid in 2011 (Worksheet A)	14
Filled in Worksheet A	15
<hr/>	

Tax Publications for Individual Taxpayers

See *How To Get Tax Help* for a variety of ways to get publications, including by computer, phone, and mail.

General Guides		Specialized Publications	
1	Your Rights as a Taxpayer	531	Reporting Tip Income
17	Your Federal Income Tax For Individuals	535	Business Expenses
334	Tax Guide for Small Business (For Individuals Who Use Schedule C or C-EZ)	536	Net Operating Losses (NOLs) for Individuals, Estates, and Trusts
509	Tax Calendars for 2012	537	Installment Sales
910	IRS Guide to Free Tax Services	541	Partnerships
3	Armed Forces' Tax Guide	544	Sales and Other Dispositions of Assets
54	Tax Guide for U.S. Citizens and Resident Aliens Abroad	547	Casualties, Disasters, and Thefts
225	Farmer's Tax Guide	550	Investment Income and Expenses (Including Capital Gains and Losses)
463	Travel, Entertainment, Gift, and Car Expenses	551	Basis of Assets
501	Exemptions, Standard Deduction, and Filing Information	554	Tax Guide for Seniors
502	Medical and Dental Expenses (Including the Health Coverage Tax Credit)	555	Community Property
503	Child and Dependent Care Expenses	556	Examination of Returns, Appeal Rights, and Claims for Refund
504	Divorced or Separated Individuals	559	Survivors, Executors, and Administrators
505	Tax Withholding and Estimated Tax	561	Determining the Value of Donated Property
514	Foreign Tax Credit for Individuals	570	Tax Guide for Individuals With Income From U.S. Possessions
516	U.S. Government Civilian Employees Stationed Abroad	571	Tax-Sheltered Annuity Plans (403(b) Plans) For Employees of Public Schools and Certain Tax-Exempt Organizations
517	Social Security and Other Information for Members of the Clergy and Religious Workers	575	Pension and Annuity Income
519	U.S. Tax Guide for Aliens	584	Casualty, Disaster, and Theft Loss Workbook (Personal-Use Property)
521	Moving Expenses	587	Business Use of Your Home (Including Use by Daycare Providers)
523	Selling Your Home	590	Individual Retirement Arrangements (IRAs)
524	Credit for the Elderly or the Disabled	594	The IRS Collection Process
525	Taxable and Nontaxable Income	596	Earned Income Credit (EIC)
526	Charitable Contributions	721	Tax Guide to U.S. Civil Service Retirement Benefits
527	Residential Rental Property (Including Rental of Vacation Homes)	901	U.S. Tax Treaties
529	Miscellaneous Deductions	907	Tax Highlights for Persons with Disabilities
530	Tax Information for Homeowners	908	Bankruptcy Tax Guide
		915	Social Security and Equivalent Railroad Retirement Benefits
		925	Passive Activity and At-Risk Rules
		926	Household Employer's Tax Guide For Wages Paid in 2012
		929	Tax Rules for Children and Dependents
		936	Home Mortgage Interest Deduction
		946	How To Depreciate Property
		947	Practice Before the IRS and Power of Attorney
		950	Introduction to Estate and Gift Taxes
		969	Health Savings Accounts and Other Tax-Favored Health Plans
		970	Tax Benefits for Education
		971	Innocent Spouse Relief
		972	Child Tax Credit
		1542	Per Diem Rates (For Travel Within the Continental United States)
		1544	Reporting Cash Payments of Over \$10,000 (Received in a Trade or Business)
		1546	Taxpayer Advocate Service – Your Voice at the IRS
		Spanish Language Publications	
		1SP	Derechos del Contribuyente
		17(SP)	El Impuesto Federal sobre los Ingresos Para Personas Físicas
		547(SP)	Hechos Fortuitos Desastres y Robos
		584(SP)	Registro de Pérdidas por Hechos Fortuitos (Imprevistos), Desastres y Robos (Propiedad de Uso Personal)
		594SP	El Proceso de Cobro del IRS
		596SP	Crédito por Ingreso del Trabajo
		850(EN/SP)	English-Spanish Glossary of Words and Phrases Used in Publications Issued by the Internal Revenue Service
		1544 (SP)	Informe de Pagos en Efectivo en Exceso de \$10,000 (Recibidos en una Ocupación o Negocio)

Commonly Used Tax Forms

See *How To Get Tax Help* for a variety of ways to get forms, including by computer, phone, and mail.

Form Number and Title	Form Number and Title
1040 U.S. Individual Income Tax Return	2441 Child and Dependent Care Expenses
Sch A Itemized Deductions	2848 Power of Attorney and Declaration of Representative
Sch B Interest and Ordinary Dividends	2848(SP) Poder Legal y Declaración del Representante
Sch C Profit or Loss From Business	3903 Moving Expenses
Sch C-EZ Net Profit From Business	4562 Depreciation and Amortization
Sch D Capital Gains and Losses	4868 Application for Automatic Extension of Time To File U.S. Individual Income Tax Return
Sch E Supplemental Income and Loss	4868(SP) Solicitud de Prórroga Automática para Presentar la Declaración del Impuesto sobre el Ingreso Personal de los Estados Unidos
Sch EIC Earned Income Credit	4952 Investment Interest Expense Deduction
Sch F Profit or Loss From Farming	5329 Additional Taxes on Qualified Plans (Including IRAs) and Other Tax-Favored Accounts
Sch H Household Employment Taxes	6251 Alternative Minimum Tax—Individuals
Sch J Income Averaging for Farmers and Fishermen	8283 Noncash Charitable Contributions
Sch R Credit for the Elderly or the Disabled	8582 Passive Activity Loss Limitations
Sch SE Self-Employment Tax	8606 Nondeductible IRAs
1040A U.S. Individual Income Tax Return	8812 Additional Child Tax Credit
Sch B Interest and Ordinary Dividends	8822 Change of Address
1040EZ Income Tax Return for Single and Joint Filers With No Dependents	8829 Expenses for Business Use of Your Home
1040-ES Estimated Tax for Individuals	8863 Education Credits (American Opportunity, and Lifetime Learning Credits)
1040X Amended U.S. Individual Income Tax Return	8949 Sales and Other Dispositions of Capital Assets
2106 Employee Business Expenses	9465 Installment Agreement Request
2106-EZ Unreimbursed Employee Business Expenses	9465(SP) Solicitud para un Plan de Pagos a Plazos
2210 Underpayment of Estimated Tax by Individuals, Estates, and Trusts	