Clear form

2017 Schedule OR-WFHDC

 Oregon Department of Revenue

18381701010000

Office use only

Oregon Working Family Household and Dependent Care Credit for Full-year Residents

Submit original form—do not submit photocopy

Space for 2-D barcode—do not write in box below

Read instructions carefully before completing this form. You may be required to provide proof of care expenses you paid and other documentation to validate your credit.

First name and initial	Last name		
Social Security number (SSN) – –	☐ Attending school	☐ Disabled	
Spouse's first name and initial	Spouse's last name		
Spouse's SSN – –	☐ Attending school	☐ Disabled	

Section 1—Providers. Complete all information for each provider.

1.

Provider's full name			Provider's SSN – –	Provider's federal employer identification number (FEIN) –
Address			Provider's phone ( ) –	Qualifying individual to provider relationship code
City	State	ZIP code	Amount **you** paid to provider	.00

2.

Provider's full name			Provider's SSN – –	Provider's FEIN –
Address			Provider's phone ( ) –	Qualifying individual to provider relationship code
City	State	ZIP code	Amount **you** paid to provider	.00

3.

Provider's full name			Provider's SSN – –	Provider's FEIN –
Address			Provider's phone ( ) –	Qualifying individual to provider relationship code
City	State	ZIP code	Amount **you** paid to provider	.00

4.

Provider's full name			Provider's SSN – –	Provider's FEIN –
Address			Provider's phone ( ) –	Qualifying individual to provider relationship code
City	State	ZIP code	Amount **you** paid to provider	.00

5.

Provider's full name			Provider's SSN – –	Provider's FEIN –
Address			Provider's phone ( ) –	Qualifying individual to provider relationship code
City	State	ZIP code	Amount **you** paid to provider	.00

6. Total the amounts you paid to the providers on lines 1–5 and enter the result here .... 6. .00

—You must include this schedule and a copy of your federal return with your Oregon income tax return when claiming this credit—

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Section 2—Qualifying individuals. List your qualifying individuals in order from youngest to oldest. Complete all information for each qualifying individual.

Line	Qualifying individual	Disabled	**(a)** Total expenses paid for care	**(b)** Portion of expenses someone else paid on your behalf	**(c)** Portion of qualified expenses **you** paid for care
7.	First name Last name SSN – – Code* Date of birth / /	☐	.00	.00	.00
8.	First name Last name SSN – – Code* Date of birth / /	☐	.00	.00	.00
9.	First name Last name SSN – – Code* Date of birth / /	☐	.00	.00	.00
10.	First name Last name SSN – – Code* Date of birth / /	☐	.00	.00	.00
11.	First name Last name SSN – – Code* Date of birth / /	☐	.00	.00	.00
12.	First name Last name SSN – – Code* Date of birth / /	☐	.00	.00	.00
13.	First name Last name SSN – – Code* Date of birth / /	☐	.00	.00	.00
14.	First name Last name SSN – – Code* Date of birth / /	☐	.00	.00	.00

*Qualifying individual to taxpayer relationship code—see instructions to determine the appropriate code.

15. Total the amounts in columns (a)–(c) for lines 7–14 and enter the results here. .... (a) .00 (b) .00 (c) .00

—You must include this schedule and a copy of your federal return with your Oregon income tax return when claiming this credit—

Section 3—Household size calculation

16. Enter the number of exemptions you claimed on your 2017 federal return .... 16.

17. Enter the number of exemptions you didn't claim on your 2017 federal return for one of the following reasons: .... 17.
    - You released the exemption to the child's other parent.
    - The disabled qualifying individual made more than $4,050.
    - The disabled qualifying individual filed a joint return.
    - You (or your spouse, if filing jointly) can be claimed as a dependent on someone else's return.

    Don't count an exemption more than once.

18. Add lines 16 and 17 .... 18.

19. Enter the number of exemptions you claimed on your 2017 return for people who: .... 19.
    - Didn't live with you more than half of 2017.
    - Were released to you by the child's other parent.
    - Aren't related by blood, marriage, or adoption **and** who aren't qualifying individuals.

    Don't count an exemption more than once.

20. Household size. Line 18 minus line 19 .... 20.

Section 4—Computation of credit.

21. If you are claiming one qualifying individual, enter the lesser of Section 2, line 15, column (c) or $12,000. If you are claiming two or more qualifying individuals, enter the lesser of Section 2, line 15, column (c) or $24,000 .... 21. .00

22. Enter your earned income from federal Form 2441, line 4 (see instructions) .... 22. .00

23. If married filing jointly, enter your spouse's earned income from federal Form 2441, line 5 (see instructions). If you are not married filing jointly, enter the amount from line 22 above .... 23. .00

24. Enter the smaller of lines 21, 22, or 23 .... 24. .00

25. Enter the decimal value from the online calculator. See instructions .... 25. .

26. Multiply line 24 by the decimal value on line 25 .... 26. .00

27. If you paid 2016 expenses in 2017, complete Worksheet OR-WFHDC and enter the amount from line 13 or line 15. Otherwise, enter -0- .... 27. .00

28. Add lines 26 and 27. Enter the result here and on Schedule OR-ASC, Section 5, using code 895. This is your total credit .... 28. .00

—You must include this schedule and a copy of your federal return with your Oregon income tax return when claiming this credit—

Instructions for Schedule OR-WFHDC
Oregon Working Family
Household and Dependent Care Credit
for Full-Year Residents

OREGON DEPARTMENT OF REVENUE

2017

Introduction

The Oregon working family household and dependent care credit (WFHDC) is a refundable credit available to low and middle-income working families with household and/or dependent care expenses. To qualify, you must have paid qualified expenses for one or more qualifying individuals (generally a dependent under age 13, or any disabled dependent or spouse) so you (and your spouse if filing jointly) could work or look for work. The qualified expenses can't exceed $12,000 for one qualifying individual, or $24,000 for two or more qualifying individuals; and they can't exceed your earned income if filing as single, or the lesser of each spouse's earned income if filing jointly.

Read the instructions below to see if you qualify, then complete Schedule OR-WFHDC. **You must include this schedule with your return to claim the credit.**

The WFHDC credit is tied to Internal Revenue Code (IRC) 21 (federal child and dependent care credit) with a few exceptions. You will need to fill out federal Form 2441, *Child and Dependent Care Expenses,* in order to complete this schedule, even if you don't claim the federal child and dependent care credit.

You will need access to our online calculator to complete the credit computation. If you don't have access to the internet, contact us. See the "Do you have questions or need help?" section on page 7.

Read these instructions carefully. A penalty of up to 25 percent of the amount claimed may be charged if you knowingly claim or knowingly assist someone in claiming this credit falsely. The penalty is in addition to the credit being adjusted or denied.

General information

You can claim this credit if **all** of the following are true:

1. You must have incurred dependent care expenses so you (and your spouse if filing jointly) could work or look for work. However, if you looked for work but didn't find employment, and you (including your spouse if filing jointly) don't have earned income for the year, you can't claim the credit. If either you or your spouse were a full time student or disabled, refer to the "Disability" section on page 2 and the instructions for the "Attending school" and "Disabled" check boxes on page 4.
2. Your filing status must be single, head of household, qualifying widow(er), or married filing jointly. If your filing status is married filing separately, see "Married persons filing separately" on page 3.
3. The care must be for one or more qualifying individuals.
4. The person who provided the care can't be your spouse, the parent of your qualifying individual, or a person whom you can claim as a dependent. If your child provided the care, he or she must have been age 19 or older by the end of 2017, and he or she can't be your dependent.
5. Your adjusted gross income (AGI) (Form OR-40, line 7) must be less than the limit for your household size.

Household size	AGI limit
2	$48,720
3	$61,260
4	$73,800
5	$86,340
6	$98,880
7	$111,420
8 or more	$123,960

Definitions

Qualifying individual

A qualifying individual is:

1. A qualifying child under age 13 whom you can claim as a dependent. If the child turned 13 during the year and they are not the youngest qualifying individual, the child is a qualifying individual for the part of the year he or she was under age 13. See "Special rule for youngest qualifying individual," below. If you were divorced or separated, see "Special rule for children of divorced or separated parents" on the next page.
2. Your disabled spouse who wasn't physically or mentally able to care for themself and lived with you for more than half of the year.
3. Any disabled person who lived with you for more than half of the year and wasn't physically or mentally able to care for themself whom you can claim as a dependent, or could claim as a dependent except:
   a. They had gross income of $4,050 or more;
   b. They filed a joint return; or
   c. You (or your spouse if filing jointly) could be claimed as a dependent on another taxpayer's 2017 return.

Special rule for youngest qualifying individual. If your youngest dependent turned 13 before January 1, 2018, they are not considered a qualifying individual and no care expenses paid or provided in 2017 can be claimed.

Example 1. Lisa's daughter, Nissa, turned 13 on December 1, 2017. Nissa is Lisa's only dependent and isn't disabled. Nissa isn't Lisa's qualifying individual because she turned 13 before January 1, 2018. The care expenses that Lisa paid throughout 2017 don't qualify for the WFHDC credit.

Special rule for children of divorced or separated parents. Even if you can't claim your child as a dependent, he or she is treated as your qualifying individual if:

- The child was a qualifying individual; 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 during 2017. 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 federal Publication 501.

The noncustodial parent can't treat the child as a qualifying individual 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.

Example 2. Hilda and Roberto are divorced with two children. The children live with Hilda in her home for more than half of the year. The children stay with Roberto on certain weekends, holidays, and one month during the summer. Hilda pays childcare expenses for 11 months during the year. Roberto pays childcare expenses for the one month in the summer when the children are with him. Hilda releases the exemption for one child to Roberto. Only Hilda may claim the WFHDC credit because the children are her qualifying individuals. Roberto may not claim the WFHDC credit for the month he had the children and worked because he doesn't have a qualifying individual.

Example 3. Jaxon and Rose live together but aren't married. They have two children together: Benji and Derrick. Each child could be the qualifying individual of one parent or the other, but not both parents. Each parent may claim only their qualifying individual(s) in their household size calculation. They can't split the exemption or WFHDC credit amount for each child.

Disability

An individual is disabled if he or she is physically or mentally incapable of self-care as a result of a physical or mental impairment that causes the individual to be incapable of caring for their hygiene or nutritional needs, or requires full-time attention of another person for their own safety or the safety of others.

The inability of an individual to engage in any substantial gainful activity or to perform the normal household functions of a homemaker or care for minor children by reason of a physical or mental impairment doesn't by itself establish that the individual is physically or mentally incapable of self-care.

Qualified expenses

Qualified expenses include amounts **you** paid for household services and care of the qualifying individual(s) while you (and your spouse if filing jointly) worked or looked for work. The expenses may also be allowed if your spouse attended school or was disabled at the time the expenses were incurred.

Generally, if you worked or actively looked for work during only part of the period in which you incurred the expenses, you must figure your expenses for each day. However, there are special rules for temporary absences or part-time work. See federal Publication 503 for more information.

You may claim only the expenses **you** actually paid and up to $5,000 ($2,500 if married filing separately) of pre-tax dependent care benefits described under IRC Section 129. For the purposes of the WFHDC, the following dependent care benefits are considered as being paid by you:

- Amounts the employer paid directly to either the taxpayer or to the care provider for the care of the qualifying person(s) while the taxpayer worked;
- The fair market value of care in a daycare facility provided or sponsored by the employer; and
- Pre-tax contributions the taxpayer made under a dependent care flexible spending arrangement (FSA).

You **can't** claim expenses that are paid by someone else, such as a state assistance agency, family member, or the child's other parent.

Qualified expenses **don't** include amounts you paid for:

- Public or private school (K–12);
- Summer school or tutoring;
- After-school activities (other than dependent care);
- Sports;
- Overnight camps;
- Child support payments;
- Boarding school;
- Food, gas, supplies; or
- Late payment or other fees.

Medical expenses. If you itemized your deductions for Oregon, some disabled spouse and dependent care expenses may qualify as medical expenses. You can use these expenses for either the WFHDC credit or as a medical expense deduction, but not both. If your expenses qualify as both, you will have an addition on your Oregon return. See Publication OR-17 for information about the WFHDC medical expenses addition (code 163).

Provider

A provider is an individual or organization that provides household services or care for the qualifying individual.

The person who provided the care can't be your spouse, the parent of your qualifying individual, or a person whom you can claim as a dependent. If your child provided the care, he or she must be age 19 or older by the end of 2017, and he or she can't be your dependent.

If the provider is a dependent care center, the center must meet all applicable state and local regulations. A dependent care center is a place that provides care for more than six people (other than people who live there) and receives a fee, payment, or grant for providing services for any of those people, even if the center isn't run for profit.

Household services

Household services are services needed to care for the qualifying individual, as well as to run the home. They include, but aren't limited to: the services of a cook, maid, babysitter, housekeeper, or cleaning person if the services were partly for the care of the qualifying individual. Don't include services of a chauffeur or gardener.

You can also include your share of the employment taxes paid on wages for qualifying child and dependent care services.

Care of the qualifying individual

Care includes the cost of services for the qualifying individual's well-being and protection. It doesn't include the cost of food, lodging, education, clothing, or entertainment.

You can include the cost for care provided outside your home for your dependent child or for any other qualifying individual who regularly spends at least eight hours a day in your home.

You can include amounts paid for items other than the care of your child (such as food and schooling) only if the items are incidental to the care of the child and can't be separated from the total cost. Don't include the cost of schooling for a child in kindergarten or above. You can include the cost of a day camp, even if it specializes in a particular activity, such as computers or soccer. Don't include any expenses for sending your child to an overnight camp, summer school, or a tutoring program.

Proof of qualifying individual's care expenses

You must be able to prove that you paid qualified expenses in order to claim this credit. Legible proof of both the payment and the receipt are required for each expense paid.

Acceptable **proof of payment** includes, but isn't limited to:

- Cancelled check (front and back).
- Money order stub, along with a corresponding bank statement showing the withdrawal.
- Cashier's check, along with a corresponding bank statement showing the withdrawal.
- Duplicate check, along with a corresponding bank statement showing the withdrawal.
- Bank statement showing the cash withdrawal.

Acceptable **receipts** must be received at the time of payment, must match the proof of payment, and must include the:

- Qualifying individual's full name.
- Dates of care.
- Date and amount paid.
- Name of the person or agency paying.
- Provider's name, address, and phone number.
- Provider's SSN, individual taxpayer identification number (ITIN), or FEIN.
- Method of payment (check, money order, cash, etc.).

If you have more than one qualifying individual, be sure the information is listed separately for each.

Important: We may ask that your provider fills out Form OR-PS to verify the amount you paid. Documents provided won't be returned. **Ask for a signed receipt from your provider each time you pay for care.**

Example 4. Mary has two children and works full-time. Mary's friend, Connie, is her child care provider. Mary pays Connie $500 a month in cash. During the processing of her tax return, Mary was asked for proof of expenses. She didn't provide receipts or other proof of payment, so her credit was denied. Mary filed a written objection and provided receipts that Connie filled out after the credit denial. Mary can't be allowed the credit because the receipts weren't provided to her at the time of payment and she has no other proof that she paid Connie.

Submitting proof of qualified expenses. If we ask for proof of your qualified expenses, you can submit your documents online. Visit www.oregon.gov/dor and look for Revenue Online. You also have the option to mail or fax your documents. Follow the instructions included in the letter requesting the information.

Earned income

The earned income amounts for the WFHDC credit are tied to IRC 21. Earned income amounts are reported from federal Form 2441, lines 4 and 5. If you did not qualify for the federal credit because of your non-taxable dependent care benefits, your earned income amounts are reported from Form 2441, lines 18 and 19 instead. Your earned income cannot be less than $0.

If either you or your spouse attended school full-time or were disabled, you may count $250 ($500 if two or more qualifying persons were cared for) per month towards earned income.

Note: Only one spouse may qualify as attending school or being disabled each month.

Married persons filing separately

Generally, married persons must file a joint return to claim the WFHDC credit. If your filing status is married filing separately and **all** of the following apply, you are considered unmarried for purposes of this credit and may claim the credit if all other credit requirements are met:

- You lived apart from your spouse for the last 6 months of 2017;
- Your home was a qualifying individual's main home for more than half of 2017; and
- You paid more than half of the cost of keeping up that home for 2017.

Example 5. Andrew separated from his spouse in March. He isn't separated under a divorce decree or separate maintenance agreement. Andrew maintains a home for himself and Logan, his disabled brother. Logan is permanently and totally disabled and unable to care for himself.

Andrew can't claim Logan as a dependent because Logan's gross income is greater than his federal exemption amount of $4,050. Because Andrew isn't able to claim Logan as a dependent, and he is still married as of the end of the year, he can't use the head of household filing status. Andrew will instead file as married filing separately.

Andrew is able to claim the credit with Logan as his qualifying individual, even though Andrew uses the married filing separately filing status because:

- He didn't live with his spouse for the last six months of the year;
- He has maintained a home for himself and Logan (a qualifying individual) since he separated from his spouse in March;
- He maintains his own household and provides more than half of the cost of maintaining that home for himself and Logan; and
- Andrew pays an adult daycare center to care for Logan to allow him to work.

Form instructions

You must complete the entire schedule and submit it and a copy of your federal return with your Oregon return. Failure to include a completed schedule and a federal return may result in both a delay and denial of your WFHDC credit. **Your refund may take longer to process when claiming this credit.**

Check the boxes

Attending school. Check this box if you are married and either you or your spouse, if filing jointly, paid care expenses while attending school full-time. To qualify as a full-time student, you or your spouse must have been enrolled as a full-time student at a school for some part of each of five calendar months during 2017. The months don't need to be consecutive. Only one spouse can qualify as a student each month. The other spouse must be working or looking for work. A qualifying school doesn't include an on-the-job training course, a correspondence school, or a school offering courses only through the internet. We may request proof of your school enrollment.

Disabled. Check this box if you are married and either you or your spouse weren't physically or mentally capable of self-care. Only one spouse can qualify as disabled. The other spouse must still work or be looking for work. We may request proof of the disability.

Example 6. Jean and Glen are married and have three children in child care. Jean works full time and Glen doesn't work or attend school and is receiving disability payments. Despite his disability, Glen is physically and mentally able to care for himself. Jean and Glen can't claim this credit for their child care expenses because Glen didn't work, look for work, or go to school; and he is able to care for himself.

Section 1—Providers

Lines 1–6. Provider's full name and complete address. Enter the care provider's information.

If you have more than five providers, fill out and include an additional page 1 of Schedule OR-WFHDC. Add the total from the additional page onto line 6 of the original page 1.

Provider's SSN or FEIN. You must include your provider's SSN, FEIN, or ITIN. Enter the SSN or ITIN in the "Provider's SSN" box. Enter the FEIN in the "Provider's FEIN" box.

If the provider is a tax-exempt organization, leave these two boxes blank and have the provider fill out federal Form W-10. If you file electronically, submit this form with the Oregon return or as a PDF attachment. If you do not file electronically, keep this form with your records.

Provider's phone. Enter a daytime phone number for the provider. We need a current phone number to contact the provider; otherwise, your refund may be delayed.

Qualifying individual to provider relationship code. Identify the relationship of the qualifying individual to the provider using the relationship codes in the table:

Title	Code	Relationships included
Son/Daughter	SD	Son, daughter, adopted child.
Stepchild	SC	Stepson, stepdaughter.
Foster child	FC	Foster child.
Sibling	SB	Brother, sister, half-brother, half-sister, stepbrother, stepsister, brother-in-law, sister-in-law.
Parent	PT	Father, mother, stepfather, stepmother, father-in-law, mother-in-law.
Spouse	SP	Husband, wife.
Grandparent	GP	Grandmother, grandfather.
Grandchild	GC	Grandson, granddaughter.
Aunt/Uncle	AU	Aunt, uncle.
Niece/Nephew	NN	Niece, nephew.
Other relative	OR	Son-in-law, daughter-in-law, cousin, etc.
No relation	NR	Any other qualifying individual.

Amount you paid to provider. Enter the total amount of qualified expenses (see page 2) **you** paid in 2017 to the provider. Don't include amounts someone else paid for you.

Section 2—Qualifying individuals

Lines 7–14. List each qualifying individual in order from youngest to oldest. Enter their full name, SSN or ITIN, relationship to you (using the codes in the table above), and date of birth. Check the box if the qualifying individual is disabled. Don't list anyone who isn't a qualifying individual even if you paid for their care.

If you have more than eight qualifying individuals, fill out and include an additional page 2 of Schedule OR-WFHDC. Add the totals from the additional page onto line 15 of the original page 2.

Expenses paid—Column (a). Enter the total amount of expenses paid for each qualifying individual in column (a).

Include all expenses that would be considered a qualified expense even if you didn't pay for them yourself.

Column (b). Enter the portion of expenses that were paid by someone else on your behalf, such as the Employment Related Day Care program, a family member, the child's other parent, etc.

Column (c). Enter the portion of total expenses that **you** paid or that were deducted from your salary. These are your qualified expenses (see page 2).

Limitation on qualified expenses. The maximum amount of expenses that will be allowed on line 21 is $12,000 for one qualifying individual, or $24,000 for two or more qualifying individuals.

The limit doesn't need to be divided equally between the qualified individuals. For example, if you paid $2,000 for the care of one qualifying individual and $13,000 for the care of another qualifying individual, you can use the total of $15,000 to figure your credit. It's also possible one qualifying individual could have no expenses and a second qualifying individual could have expenses exceeding $12,000. You should list -0- for the first qualifying individual and the actual amount for the second qualifying individual. The $24,000 limit is still used to figure your credit.

Example 7. Lois works for a company that offers dependent care benefits. She contributes $4,000 pre-tax to a flexible spending arrangement. Lois's employer reports the $4,000 of dependent care benefits in box 10 of her W-2. Lois also paid $1,000 with after-tax dollars for qualified expenses. The credit will be based on the $5,000 ($4,000 + $1,000) paid by Lois. Lois will enter $5,000 in column (a) for the total expenses. She will enter $0 in column (b) and $5,000 in column (c) for the amount she paid.

Example 8. Thalia receives state assistance to pay her child care expenses. The child care provider charges Thalia $600 per month to care for her qualifying child. Of the $600 per month, the state paid $450, and Thalia paid a co-pay of $150. Thalia's credit will only be based upon the amount she actually paid herself. Thalia will enter $7,200 ($600 x 12) in column (a) for the total expenses paid. She will enter $5,400 ($450 x 12) in column (b) for the state assistance that was paid on her behalf. She will enter $1,800 ($150 x 12) in column (c) for the amount she paid.

Example 9. Wally and Donna are married and have two children: Amy and Jim. Wally works full time. Donna is unable to work because of a brain tumor; she is physically and mentally unable to care for herself. A home care worker comes to their home daily to take care of Donna while Wally is at work. Wally and Donna pay $750 a month for child care ($450 per month for Amy's care and $300 per month for Jim's care). They also pay $800 a month for Donna's care.

On line 7, Wally and Donna will enter $5,400 ($450 x 12) in columns (a) and (c) for Amy's care. On line 8, they will enter $3,600 ($300 x 12) in columns (a) and (c) for Jim's care. On line 9, they will enter $9,600 ($800 x 12) in columns (a) and (c) for Donna's care. Their total qualified expense on line 15, column (c) is $18,600 ($5,400 + $3,600 + $9,600).

If you paid for the expenses in a different year than the care was provided, claim the credit in the later year in which expenses were paid or care was provided. See below to ensure you claim the credit in the correct tax year.

- If the expenses were paid in 2016 for care provided in 2017, claim the expenses in 2017.
- If the expenses were paid in 2017 for care provided in 2016, see the instructions for line 27 (on page 6).
- If the expenses were paid in 2017 for care provided in 2018, claim the expenses in 2018.
- If the expenses were paid in 2018 for care provided in 2017, claim the expenses in 2018.

Example 10. In December 2017, Jayne pays for the care of her disabled mother, who qualifies as her dependent, for the services that will be provided in January 2018. Jayne may only claim these expenses in 2018, the later of the years in which the expenses are paid or the services are performed.

Line 15. Enter the totals of each column from lines 7–14. The amount shown on line 15, column (c) must match the amount shown on line 6.

Section 3—Household size calculation

Lines 16–20. Generally, your household size is the number of people who qualify as your dependent and can be claimed as an exemption on your 2017 federal tax return, who are related to you by blood, marriage, or adoption, and live in your home.

Household size can include your child for whom you have primary custody, even if you allowed the child's other parent to claim the exemption on their tax return. It can also include disabled qualifying individuals who are not related to you or who you couldn't claim on your return because:

- They had gross income of $4,050 or more; or
- They filed a joint return; or
- You (or your spouse if filing jointly) could be claimed as a dependent on another taxpayer's 2017 return.

Line 19. Enter the number of people you claimed on your tax return who didn't live with you in your home for more than half of 2017. A person can't be counted in the household size calculation on more than one return.

Example 11. Eduardo and Ella are unmarried and are the parents of two children: Olivia, age six and Emir, age 15. Emir is disabled. Eduardo and Ella maintain separate households and have joint custody of the children. The children live more than half of the year with Ella. Even though the children are Ella's qualifying individuals, she releases the dependent exemption for one child, Olivia, to Eduardo. Only Ella may claim the credit based on the child care expenses she paid because she is the custodial parent.

Ella's household size is three (herself; Emir, whose exemption she claims; and Olivia, whose exemption she released to Eduardo). Ella will enter "2" on line 16 and "1" on line 17, for a total of "3" on lines 18 and 20.

Example 12. Justin and Cortney have never been married and have two children: Kyle who lives with Justin all year, and Michael who lives with Cortney all year. In the summer, each child spends one month with the child's other parent and sibling. Both Kyle and Michael live with Justin in July and both children live with Cortney in August. In addition to the child care for the child that lives with them, each parent also has daycare expenses during those months where both children are living in the parent's home.

Justin may claim one qualifying individual because Kyle lives with him. He may claim the expenses he paid for Kyle, but he may not claim the child care expenses he paid for Michael because Michael is Cortney's qualifying individual, not Justin's. Cortney may claim one qualifying individual because Michael lives with her. She may claim the expenses she paid for Michael, but she may not claim the child care expenses she paid for Kyle because Kyle is Justin's qualifying child. Justin and Cortney each have a household size of two. They will each enter "2" on lines 16, 18, and 20.

Example 13. Jessica and Jay have three qualifying children. They also support Jay's parents who live in Mexico. They claim seven exemptions on their tax return. Jessica and Jay's household size is five, because only five individuals live in their home. They will enter "7" on lines 16 and 18 and "2" on line 19 for a total of "5" on line 20.

Example 14. Dominic and Quentin are brothers. They live together with their disabled mother, Jenny. Jenny's care expense for the year is $4,600. Dominic and Quentin each pay half of the care expense. Under federal law, either Dominic or Quentin can claim the dependency exemption for Jenny, but not both. They agree that Dominic will claim Jenny as his qualifying individual; therefore, Quentin can't claim her. Dominic may claim the WFHDC credit based on $2,300 of care expenses he paid, and a household size of two. Even though Quentin paid for care, he may not claim the WFHDC credit because Jenny isn't his qualifying individual.

Section 4—Computation of credit

Line 21. If you are claiming one qualifying individual, enter the lesser of the amount on line 15, column (c) or $12,000. If you are claiming two or more qualifying individuals, enter the lesser of the amount on line 15, column (c) or $24,000.

Example 15. Mae paid $13,000 in care expenses for her infant. She entered $13,000 on line 15, column (c). Mae will enter $12,000 on line 21 (the lesser of the $13,000 she paid or the $12,000 limit).

Lines 22 and 23. If filing jointly, figure your and your spouse's earned income separately. On line 22, enter your earned income as reported on federal Form 2441, line 4. If you did not qualify for the federal credit because of your non-taxable dependent care benefits, use the earned income amount from Form 2441, line 18. Do not enter an amount less than zero.

If filing jointly, enter your spouse's earned income from federal Form 2441, line 5, on line 23. If you did not qualify for the federal credit because of your non-taxable dependent care benefits, use the earned income amount from Form 2441, line 19. Do not enter an amount less than zero. If you aren't filing jointly, enter the amount from line 22 on line 23 also.

Line 25. Internet access required. Your credit percentage is based upon your household size (line 20), your adjusted gross income (Form OR-40, line 7), and the birthdate of your youngest qualifying individual. To determine this percentage, go to www.oregon.gov/dor/personal and look for the WFHDC Online Calculator. Follow the on-screen instructions and enter the percentage (decimal value) on line 25. If you don't have online access, call us at the number listed below.

Line 26. Multiply line 24 by line 25.

Line 27. If you had qualified expenses for 2016 that you didn't pay until 2017, you may be able to increase the amount of credit you can take in 2017. To figure the credit, complete Worksheet OR-WFHDC and enter the result on line 27. Keep Worksheet OR-WFHDC with your records.

Example 16. In 2016, Jan and Steve had childcare expenses of $4,600 for their disabled 10-year old child. Of the $4,600, they paid $4,000 in 2016 and $600 in 2017. Their adjusted gross income for 2016 was $50,000. Steve's earned income of $20,000 was less than Jan's earned income. Their 2016 WFHDC percentage was 0.15 (15 percent). A credit for their 2016 expenses paid in 2017 isn't allowed in 2016. It is allowed for the 2017 tax year, but they must use their 2016 WFHDC percentage and adjusted gross incomes to compute the amount.

Jan and Steve will enter $90 on line 13 of Worksheet OR-WFHDC and on line 27 of Schedule OR-WFHDC.

Line 28. Add lines 26 and 27. This is your WFHDC credit amount. Enter the result on Schedule OR-ASC, Section 5, using code 895.

Penalty

You may be charged a penalty if you knowingly claim or knowingly assist someone in claiming this credit falsely. The penalty is up to 25 percent of the amount claimed and is in addition to the credit being adjusted or denied.

If you assist someone in claiming this credit, complete the *Due Diligence Checklist for Claiming the Working Family Household and Dependent Care Credit.* This checklist can be found at www.oregon.gov/dor/forms. You are responsible for reviewing the supporting documentation to verify credit eligibility and for asking clarifying questions to ensure false information isn't supplied. Also, inform the taxpayer a penalty may be assessed if they knowingly claim the credit falsely.

Additional resources

For additional information refer to the following publications:

- Federal Form 2441, *Child and Dependent Care Expenses, and instructions.*

- Federal Form W-10, *Dependent Care Provider's Identification and Certification.*
- Federal Publication 503, *Child and Dependent Care Expenses.*
- Federal Publication 501, *Exemptions, Standard Deduction, and Filing Information.*

Do you have questions or need help?

www.oregon.gov/dor
(503) 378-4988 or (800) 356-4222
questions.dor@oregon.gov

Contact us for ADA accommodations or assistance in other languages.