Form **2441**

Department of the Treasury
Internal Revenue Service

Credit for Child and Dependent Care Expenses

▶ Attach to Form 1040.

▶ See Instructions below.

OMB No. 1545-0068

1985

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Name(s) as shown on Form 1040 | **Your social security number**

1 Write the number of qualifying persons who were cared for in 1985. (See the instructions below for the definition of qualifying persons.) . . . ▶	1		
2 If payments listed on line 3 were made to an individual, complete the following:		Yes	No
a If you paid $50 or more in a calendar quarter to an individual, were the services performed in your home? . . .	2a		
b If "Yes," have you filed appropriate wage tax returns on wages for services in your home (see the instructions for line 2)? . . .	2b		
c If the answer to **b** is "Yes," write your employer identification number. . . . ▶	2c	**Employer ID number**	
3 Write the amount of qualified expenses you incurred and actually paid in 1985 for the care of the qualifying person, but **do not** write more than $2,400 ($4,800 if you paid for the care of two or more qualifying persons) . . .	3		
4 You **must** write your earned income on line 4c. See the instructions for line 4 for the definition of earned income.			
• If you were **unmarried** at the end of 1985, write your earned income on line 4c, **OR**			
• If you are **married,** filing a joint return for 1985, you must complete lines 4a and 4b.			
a Write your earned income . . . **4a**			
b Write your spouse's earned income . . . **4b**			
c Compare amounts on lines 4a and 4b, and write the **smaller** of the two amounts on line 4c . . .	4c		
5 Compare amounts on lines 3 and 4c, and write the **smaller** of the two amounts on line 5 . . .	5		
6 Write the percentage from the table below that applies to the adjusted gross income on Form 1040, line 33 . . .	6	.	

If line 33 is: Over—	But not over—	Percentage is:	If line 33 is: Over—	But not over—	Percentage is:
$0–	10,000	30% (.30)	$20,000–	22,000	24% (.24)
10,000–	12,000	29% (.29)	22,000–	24,000	23% (.23)
12,000–	14,000	28% (.28)	24,000–	26,000	22% (.22)
14,000–	16,000	27% (.27)	26,000–	28,000	21% (.21)
16,000–	18,000	26% (.26)	28,000		20% (.20)
18,000–	20,000	25% (.25)			

7 Multiply the amount on line 5 by the percentage shown on line 6, and write the result. . . .	7		
8 Multiply any child and dependent care expenses for 1984 that you paid in 1985 by the percentage that applies to the adjusted gross income on Form 1040, line 33, for 1984. Write the result. (See line 8 instructions for the required statement.) . . .	8		
9 Add amounts on lines 7 and 8. Write the total here and on Form 1040, line 41. This is the maximum amount of your credit for child and dependent care expenses . . .	9		

General Instructions

Paperwork Reduction Act Notice.—We ask for this information to carry out the Internal Revenue laws of the United States. We need it to ensure that taxpayers are complying with these laws and to allow us to figure and collect the right amount of tax. You are required to give us this information.

What Is the Child and Dependent Care Expenses Credit?

You may be able to take a tax credit for amounts you paid someone to care for your child or other qualifying person so you could work or look for work in 1985. The credit will lower the amount of your tax. The credit is based on a percentage of the amount you paid during the year. The most you may take as a credit is $720 if you paid for the care of one qualifying person, or $1,440 if you paid for the care of two or more qualifying persons.

Additional information.—For more information about the credit, please get **Publication 503**, Child and Dependent Care Credit, and Employment Taxes for Household Employers.

Who Is a Qualifying Person?

A qualifying person is any one of the following persons:

- Any person under age 15 whom you claim as a dependent (but see the special rule later for **Children of divorced or separated parents**).
- Your disabled spouse who is mentally or physically unable to care for himself or herself.
- Any disabled person who is mentally or physically unable to care for himself or herself and whom you claim as a dependent, or could claim as a dependent except that he or she had income of $1,040 or more.

Note: *You must have shared the same home with any person you claim as a qualifying person.*

Children of divorced or separated parents.—If you were divorced, legally separated, or lived apart from your spouse during the last 6 months of 1985, you may be able to claim the credit even if your child is not your dependent. If your child is not your dependent, he or she is a qualifying person if **all five** of the following apply:

1. You had custody of the child for the longer period during the year; and

2. The child received over half of his or her support from one or both of the parents; and

3. The child was in the custody of one or both of the parents over half of the year; and

4. The child was under age 15, or was physically or mentally unable to care for himself or herself; and

(Continued on back)

5. The child is not your dependent because—

a. As the custodial parent, you have signed **Form 8332**, Release of Claim to Exemption for Child of Divorced or Separated Parents, or a similar statement, agreeing not to claim the child's exemption for 1985; or

b. You were divorced or separated before 1985 and your divorce decree or written agreement states that the other parent can claim the child's exemption, and the other parent provides at least $600 in child support during the year. ***(Note:*** *This rule does not apply if your decree or agreement was changed after 1984 to specify that the other parent cannot claim the child's exemption.)*

Who May Take the Credit?

To claim the credit **all five** of the following must apply:

1. You paid for the care so you (and your spouse if you were married) could work or look for work (but see the rules at the line 4 instructions for **Spouse who is a full-time student or is disabled).**

2. You and the qualifying person(s) lived in the same home.

3. You (and your spouse if you were married) paid over half the cost of keeping up your home. The cost includes: rent; mortgage interest; property taxes; utilities; home repairs; and food eaten at home.

4. The person you paid to provide the care was not your spouse or a person you could claim as a dependent.

Note: *If the person you paid to provide the care was your child, he or she must have been 19 or over by the end of 1985.*

5. If you were married at the end of 1985, generally, you must file a joint tax return. However, there are two exceptions to this rule. You will be treated as unmarried and still be eligible to take the credit if:

a. You were legally separated; or

b. You were living apart from your spouse during the last 6 months of the year, and:

- The qualifying person lived with you in your home over 6 months, and
- You provided over half the cost of keeping up your home.

What Are Qualified Expenses?

Qualified expenses include amounts paid for household services and care of the qualifying person while you work or look for work.

Household services.—These services must be needed to care for the qualifying person as well as to run the home. They include, for example, the services of a cook, maid, babysitter, housekeeper, governess, or cleaning person if the services were partly for the care of the qualifying person.

Care of the qualifying person.—Care includes the cost of services for the qualifying person's well-being and protection.

Generally, care does not include food or schooling expenses. However, if these items are included as part of the total care, and they are incident to, and cannot be separated from, the total cost, you may count the total payment. However, you may not count the cost of schooling for a child in the first grade or above.

Care outside the home.—You may count care provided outside your home if the care was for:

a. Your dependent under age 15; or

b. Any other qualifying person who regularly spends at least 8 hours each day in your home.

Care that is provided by a dependent care center may be counted if the center complies with all applicable state and local laws and regulations. A dependent care center is a place that provides care for at least seven persons (other than persons who live there), and receives a fee, payment, or grant for providing the services for any of those persons, regardless of whether the center is run for profit.

Medical expenses.—Some dependent care expenses may qualify as medical expenses. If you itemize deductions, you may want to take all or part of these medical expenses on Schedule A (Form 1040). If you cannot use all the medical expenses on Form 2441 because of the dollar limit or earned income limit (explained later), you may take the rest of these expenses on Schedule A. But if you deduct the medical expenses first on Schedule A, you may not use any part of these expenses on Form 2441.

Specific Instructions

The following are specific instructions for most of the lines on the form. Lines which have no instructions here are self-explanatory.

Line 2.—In general, if you paid cash wages of $50 or more in a calendar quarter for household services provided by a person such as a housekeeper, maid, babysitter, or cook, you must file an employment tax return. If you are not sure whether you should file an employment tax return, get **Form 942,** Employer's Quarterly Tax Return for Household Employees.

Note: *You should file a* ***Form 940,*** *Employer's Annual Federal Unemployment (FUTA) Tax Return, for 1985 by January 31, 1986, if you paid cash wages of $1,000 or more for household services in any calendar quarter in 1984 or 1985.*

Line 3. Dollar limit.—On line 3 write the amount of qualified child and dependent care expenses you incurred and actually paid in 1985. However, the most you may figure the credit on is $2,400 a year for one qualifying person, or $4,800 a year for two or more qualifying persons. Do not include amounts paid or incurred by your employer if, and to the extent, such amounts are excluded from your gross income.

Note: *Do not include on line 3 qualified expenses that you incurred in 1985 but did not pay until 1986. Instead, you may be able to increase the amount of your 1986 credit when you pay the 1985 expenses in 1986.*

Line 4. Earned income limit.—Figure your earned income limitation on line 4. The amount of your qualified expenses **may not** be more than your earned income or, if married filing a joint return, the **smaller** of your earned income or your spouse's earned income.

In general, earned income is wages, salaries, tips, and other employee compensation. It also includes net earnings from self-employment. For more information on what is earned income for purposes of the credit, see Publication 503.

Unmarried taxpayers.—If you were unmarried at the end of 1985 or are treated as being unmarried at the end of the year, write your earned income on line 4c.

Married taxpayers.—If you are married, filing a joint return, figure each spouse's earned income separately and disregard community property laws. Write your earned income on line 4a and your spouse's earned income on line 4b. Then, write the smaller of your earned income or your spouse's earned income on line 4c.

Spouse who is a full-time student or is disabled.—If your spouse was a full-time student or was mentally or physically unable to care for himself or herself, figure your spouse's earned income on a monthly basis to determine your spouse's earned income for the year. For each month that your spouse was disabled or a full-time student, your spouse is considered to have earned income of not less than $200 a month ($400 a month if more than one qualifying person was cared for in 1985).

If, in the same month, both you and your spouse were full-time students and did not work, you may not use any amount paid that month to figure the credit. The same applies to a couple who did not work because neither was capable of self-care.

A full-time student is one who was enrolled in a school for the number of hours or classes that the school considers full time. The student must have been enrolled at least 5 months during 1985.

Self-employment income.—You must reduce your earned income by any loss from self-employment. If your net earnings from self-employment are less than $1,600, and you use the optional method to figure your self-employment tax, you may be able to increase your net earnings to $1,600 for this credit. See **Publication 533,** Self-Employment Tax, for details. If you only have a loss from self-employment, or your loss is more than your other earned income and you do not use the optional method, you may not take the credit.

Line 8.—If you had qualified expenses for 1984 that you did not pay until 1985, you may be able to increase the amount of credit you may take in 1985. To do this, multiply the 1984 expenses you paid in 1985 by the percentage from the table on line 6 that applies to the adjusted gross income shown on your 1984 Form 1040, line 33. Your 1984 expenses must be within the 1984 limits. Attach a computation showing how you figured the increase. (Use the example in Publication 503 as a guide.)