



# Credit for Child and Dependent Care Expenses

<b>SCHEDULE 3</b> (Form 1040)		<b>Additional Credits and Payments</b>		OMB No. 1545-0074	
Department of the Treasury Internal Revenue Service		Attach to Form 1040, 1040-SR, or 1040-NR. Go to <a href="http://www.irs.gov/Form1040">www.irs.gov/Form1040</a> for instructions and the latest information.		<b>2024</b> Attachment Sequence No. 03	
Name(s) shown on Form 1040, 1040-SR, or 1040-NR				Your social security number	
<b>Part I Nonrefundable Credits</b>					
1	Foreign tax credit. Attach Form 1116 if required.			1	
2	Credit for child and dependent care expenses from Form 2441, line 11. Attach Form 2441			2	
3	Education credits from Form 8863, line 19			3	
4	Retirement savings contributions credit. Attach Form 8880			4	
5a	Residential clean energy credit from Form 5695, line 15			5a	
b	Energy efficient home improvement credit from Form 5695, line 32			5b	
6	Other nonrefundable credits:				
a	General business credit. Attach Form 3800	6a			
b	Credit for prior year minimum tax. Attach Form 8801	6b			
c	Adoption credit. Attach Form 8839	6c			
d	Credit for the elderly or disabled. Attach Schedule R	6d			
e	Reserved for future use	6e			
f	Clean vehicle credit. Attach Form 8896	6f			



## About Credit for Child and Dependent Care Expenses

- Additional resources listed in L&LT “References” tab
- Review all tips and cautions in the lesson
- Read all examples and sample interviews
- We will review answers to each exercise



## Objectives – Credit for Child and Dependent Care Expenses

- Determine if a taxpayer is eligible for the credit
- Calculate the amount of the credit
- Time Required: 30 minutes

# Topics



- Nonrefundable Credit
- Child and Dependent Care Credit
- Determining Taxpayer Eligibility
- Five Eligibility Tests
- Determining the Amount of the Credit
- Avoiding Common Errors



# Key Terms

Definitions are always available in the L&LT online Glossary.

- Adjusted Gross Income (AGI)
- Child and Dependent Care Credit
- Earned Income
- Nonrefundable Credit
- Qualifying Child
- Qualifying Relative
- TANF

# Nonrefundable Credit

- Child and dependent care credit is a nonrefundable credit
- Generally, nonrefundable credits are applied against tax in the order they are listed on Form 1040, Schedule 3



# Child and Dependent Care Credit

- Credit can be claimed by taxpayer with:
  - A qualifying dependent
  - Work-related dependent care expenses
- The credit can range from 20% to 35% of a taxpayer's qualifying child or dependent care expenses
- Taxpayers may be able to exclude employer-provided dependent care benefits from income
  - Form W-2, box 10, shows dependent care benefits from employers

List the names below of everyone who lived with you last year (except your spouse) AND anyone you supported but did not live with you last year.					Answer Yes or No (Y/N)				To be completed by certified volunteer (Refer to Pub 4012 Tab C)		
Name (first, last)	Date of birth (mm/dd/yyyy)	Relationship to you (son, daughter, parent, none, etc.)	Number of months lived in your home in 2024	Single or Married as of 12/31/2024 (S/M)	A U.S. Citizen	Resident of U.S., Canada or Mexico	Full-time student	Totally and permanently disabled	Qualifying child dependent	Qualifying relative dependent	Provides tax benefits (HOH, EITC, CTC, etc.)

Catalog Number 52121E [www.irs.gov](http://www.irs.gov) Form **13614-C** (Rev. 10-2024)

# Determining Taxpayer Eligibility

- Use [Pub 4012](#), Tab G, Nonrefundable Credits, Credit for Child & Dependent Care Expenses – Screening Sheet, to determine if a taxpayer can claim the credit
- Five eligibility tests to qualify for the credit:
  - Qualifying person test
  - Earned income test
  - Work-related expense test
  - Joint return test
  - Provider identification test

Step	Probe/Ask the taxpayer:	Action
1	Was the care for one or more qualifying persons? See prior page for definition.	YES – Go to Step 2 NO – You CAN'T claim the child and dependent care credit <sup>1</sup>
2	Did you (and your spouse if applicable) have earned income <sup>2</sup> during the year? Refer to the Earned Income Table in Tab I, Earned Income Credit.	YES – Go to Step 3 NO – You CAN'T claim the child and dependent care credit <sup>3</sup>
3	Did you pay the expenses to allow you to work or look for work? See prior page for qualifying expenses.	YES – Go to Step 4 NO – You CAN'T claim the child and dependent care credit <sup>4</sup>
4	Were your payments made to someone you or your spouse could claim as a dependent?	YES – You CAN'T claim the child and dependent care credit <sup>5</sup> NO – Go to Step 5
5	Were your payments made to your spouse or to the parent of your child who is your qualifying person? Answer NO if your qualifying child is a disabled person over age 13.	YES – You CAN'T claim the child and dependent care credit <sup>6</sup> NO – Go to Step 6
6	Were your payments made to your child who was under the age of 19 at the end of the year?	YES – You CAN'T claim the child and dependent care credit <sup>7</sup> NO – Go to Step 7
7	Are you single?	YES – Go to Step 10 NO – Go to Step 8
8	Are you filing a joint return?	YES – Go to Step 10 NO – Go to Step 9
9	Do you meet the requirements to be considered unmarried? <sup>8</sup>	YES – Go to Step 10 NO – You CAN'T claim the child and dependent care credit <sup>9</sup>
10	Do you know the care provider's name, address, and identifying number? Or did you make a reasonable effort to get this information? (See Due Diligence in Publication 503.)	YES – Go to Step 11 NO – You CAN'T claim the child and dependent care credit <sup>10</sup>
11	Did you have only one qualifying person and exclude or deduct at least \$3,000 of dependent care benefits? <sup>11</sup>	YES – You CAN'T claim the child and dependent care credit <sup>11</sup> NO – You CAN claim the child and dependent care credit. Fill out Form 2441



# Five Eligibility Tests

- Qualifying Person Test
  - Use [Pub 4012](#), Tab G, Nonrefundable Credits, Child and Dependent Care Credit Expenses Tip, to determine who is a qualifying person
- Earned Income Test
  - See the list in [Pub 4012](#), Nonrefundable Credits tab, Earned Income Table
- Work-Related Expense Test
  - Limit on work-related expenses is \$3,000 paid for one qualifying person or \$6,000 or two or more qualifying persons
- Joint Return Test
  - Generally, married couples must file a joint return to claim the credit
- Provider Identification Test
  - Care provider's name, address, and Taxpayer Identification Number (TIN) is required


# Determining the Amount of the Credit

- Use [Form 2441](#), Child and Dependent Care Expenses, which is divided into three parts:
  - Part I is for general information about the care provider
  - Part II is where the credit for child and dependent care expenses is calculated
  - Part III is where employer-provided dependent care benefits are reported
- The taxpayer's child and dependent care expenses are subject to an earned income limit

<b>Form 2441</b>		<b>Child and Dependent Care Expenses</b>		OMB No. 1545-0074	
Department of the Treasury Internal Revenue Service		Attach to Form 1040, 1040-SR, or 1040-NR.			
Go to <a href="http://www.irs.gov/Form2441">www.irs.gov/Form2441</a> for instructions and the latest information.		<b>2024</b> Attachment Sequence No. <b>21</b>			
Name(s) shown on return			Your social security number		
<b>A</b> You can't claim a credit for child and dependent care expenses if your filing status is married filing separately unless you meet the requirements listed in the instructions under <i>Married Persons Filing Separately</i> . If you meet these requirements, check this box <input type="checkbox"/>					
<b>B</b> If you or your spouse was a student or was disabled during 2024 and you're entering deemed income of \$250 or \$500 a month on Form 2441 based on the income rules listed in the instructions under <i>If You or Your Spouse Was a Student or Disabled</i> , check this box <input type="checkbox"/>					
<b>Part I</b> <b>Persons or Organizations Who Provided the Care—You must complete this part.</b>					
If you have more than three care providers, see the instructions and check this box <input type="checkbox"/>					
1 (a) Care provider's name	(b) Address (number, street, apt. no., city, state, and ZIP code)	(c) Identifying number (SSN or EIN)	(d) Was the care provider your household employee in 2024? For example, this generally includes nannies but not daycare centers.	(e) Amount paid (see instructions)	

# Avoiding Common Errors

- Double-check all entries
- Make sure Form 2441, Part III is completed if taxpayer's Form W-2 shows an amount in box 10
- Verify Form 13614-C shows box for child/dependent care is checked

a Employee's social security number		Safe, accurate, FAST! Use  Visit the IRS website at <a href="http://www.irs.gov/efile">www.irs.gov/efile</a> .	
OMB No. 1545-0008			
number (EIN)	1 Wages, tips, other compensation	2 Federal income tax withheld	
ss, and ZIP code	3 Social security wages	4 Social security tax withheld	
	5 Medicare wages and tips	6 Medicare tax withheld	
	7 Social security tips	8 Allocated tips	
	9	10 Dependent care benefits	
nd initial	Last name	Suff.	11 Nonqualified plans
			12a See instructions for box 12
ZIP code	ID number	16 State wages, ti	

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**Part III Dependent Care Benefits**

12	Enter the total amount of dependent care benefits you received in 2024. Amounts you received as an employee should be shown in box 10 of your Form(s) W-2. <b>Don't</b> 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
13	Enter the amount, if any, you carried over from 2023 and used in 2024 during the grace period. See instructions.	13
14	If you forfeited or carried over to 2025 any of the amounts reported on line 12 or 13, enter the amount. See instructions.	14



# Summary

- The child and dependent care credit is a nonrefundable credit that allows taxpayers to reduce tax liability by a percentage of their child and dependent care expenses
- Maximum expense amounts are \$3,000 for one qualifying person and \$6,000 for two or more qualifying persons
- Credit rate is 20%-35% of the taxpayer's expenses
- Taxpayer must satisfy five eligibility tests to qualify for the credit
- The credit is calculated and reported on Form 2441



## Out of Scope for this Lesson:

- Taxpayers who need assistance in determining if employment taxes are owed for household employees