

What do I need to give my child care parents to help them qualify for the credit?

You need to provide a receipt to your child care parents **each time** they pay you for your services. You should also keep track of the amount each parent pays throughout the year and issue an end-of-year statement for **each** child.

The receipts and year-end statements you provide to your child care parents should show:

- Child's full name;
- Period that child care was provided;
- Name of the person and/or government agency making the payment;
- Your full name, address, and daytime phone number;
- Your tax identification number (SSN, FEIN, or ITIN);
- Amount of child care paid;
- Method of payment (cash, check, etc.); and
- Date of payment.

Sample receipt:

Your Place Kid's Center Judy Jones, Sole Proprietor 123 Our Place Road, Town OR 97000 503-555-1212
Date: <u>May 31</u>
FEIN: <u>12-3456789</u>
Paid by: <u>S.A. Smith</u>
For: <u>Joey Smith</u>
Child care dates: <u>5/1 to 5/31</u>
Amount: <u>Four hundred twenty-five dollars</u> <u>\$425.00</u>
Method of payment: <u>Check #1116</u>
Received by: <u>Judy Jones</u>
Signature: <u>Judy Jones</u>

For more information

www.oregon.gov/DOR

Visit our website to download Oregon tax forms and Schedule WFC, and to find out more about the working family child care credit.

Telephone:

Salem 503-378-4988
Toll-free from an Oregon prefix... 1-800-356-4222

Asistencia en español:

En Salem o fuera de Oregon 503-378-4988
Gratis de prefijo de Oregon..... 1-800-356-4222

TTY (hearing or speech impaired; machine only):

Salem area or outside Oregon..... 503-945-8617
Toll-free from an Oregon prefix... 1-800-886-7204

Americans with Disabilities Act (ADA): Call one of the help numbers above for information in alternative formats.



Oregon

Working Family Child Care Credit



Information for Child Care Providers

What is the Oregon working family child care credit?

The Oregon working family child care credit is a refundable tax credit for low-income working families. The credit is based on:

- Qualifying child care expenses;
- The number of people in the family (household size); and
- The federal adjusted gross income of the taxpayer.

How do my child care parents qualify to claim this credit?

First, the parent must meet the income tests:

1. The parent must have a minimum amount of earned income.*
2. The parent also must have less than the maximum amount of investment income.*
3. The parent also must have adjusted gross income that is less than the limits based on their household size.

Next, the parent must have qualifying child care expenses. Qualifying expenses are:

- Paid for the care of the parent's qualifying child;
- Paid to someone who is not the child's parent, guardian, or the parent's relative or step-relative under age 19; and
- Paid to allow the parent [and spouse or registered domestic partner (RDP)] to work or attend school at least part time or the parent (or the parent's spouse/RDP) is exempt from this requirement due to a qualifying disability and files Form WFC-DP.

* "Earned income" and "investment income" have the same meaning for this credit as for the federal earned income credit. The amounts change each year and can be found in the Oregon income tax instruction booklet.

What is a "qualifying child?"

A qualifying child under the Oregon working family child care credit is the parent or guardian's child, stepchild, grandchild, step-grandchild, brother, sister, stepbrother, stepsister, nephew, niece, step-nephew, step-niece, or eligible foster child who:

- Was under age 13; **OR**
- Qualified for Oregon's additional exemption credit for a child with a disability.

AND

- Is claimed as a dependent on the parent's federal return; or
- Could have been claimed as a dependent on the parent's return except the custodial parent released the exemption to the child's other parent under a decree of divorce or separate maintenance or a written declaration such as federal Form 8332; and
- The child provided less than one-half of their own support for the tax year.

These requirements are explained in the Oregon income tax booklet and at www.oregon.gov/DOR.

To claim this credit, your child care parents will need receipts from you at the time of payment. The receipts need to include your Social Security number (SSN) or federal employer identification number (FEIN). (See our sample receipt on the inside panel.)

What if I don't want to share my Social Security number with my child care parents?

If you are uncomfortable sharing your Social Security number with your child care parents, apply for a FEIN. You may use this number on receipts you give to your child care parents. You can apply for an FEIN even if you do not have employees.

You can download an application from the IRS's website at www.irs.gov. Once your number is assigned, you will not have to use your SSN on receipts.

What if I don't have a Social Security number?

If you do not have a Social Security number, apply for an individual taxpayer identification number (ITIN). The number does not authorize you to work, but is helpful in preparing tax-related items such as child care receipts. Use federal Form W-7 to apply for an ITIN. The form is available on the IRS website at www.irs.gov.

What if someone else pays the child care?

Identify who (person or government agency) made the payment(s) on each receipt and year-end statement.

My child care parents still owe me money for watching their children. Do I have to give them a year-end statement?

Yes. You need to provide a year-end statement to your child care parents even though they have not yet paid you in full. However, only show the amounts they actually paid during the year.

Child care expenses that do not qualify

Qualifying child care expenses do **not** include amounts paid for the parent's qualifying child to attend school or for activities. Examples of expenses that do not qualify:

- Public or private school tuition for kindergarten through twelfth grade;
- Swimming, dance, or gymnastics classes;
- Overnight camp;
- Language lessons;
- Child care paid by a federal or state assistance agency;
- Child care paid by someone besides the parent; or
- Child care paid when the child's parent(s) is not working or attending school.