



# IRS Tax Tip 2016-38: What You Need to Know About the Child and Dependent Care Tax Credit

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IRS Tax Tips

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### What You Need to Know About the Child and Dependent Care Tax Credit

Don't overlook the Child and Dependent Care Tax Credit. It can reduce the taxes you pay. Here are 10 facts from the IRS about this important tax credit:

- 1. Child, Dependent or Spouse.** You may be able to claim the credit if you paid someone to care for your child, dependent or spouse last year.
- 2. Work-Related Expense.** The care must have been necessary so you could work or look for work. If you are married, the care also must have been necessary so your spouse could work or look for work. This rule does not apply if your spouse was disabled or a full-time student.
- 3. Qualifying Person.** The care must have been for "qualifying persons." A qualifying person can be your child under age 13. A qualifying person can also be your spouse or dependent who lived with you for more than half the year and is physically or mentally incapable of self-care.
- 4. Earned Income.** You must have [earned income](#)

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for the year, such as wages from a job. If you are married and file a joint tax return, your spouse must also have earned income. Special rules apply to a spouse who is a student or disabled.

**5. Credit Percentage / Expense Limits.** The credit is worth between 20 and 35 percent of your allowable expenses. The percentage depends on the amount of your income. Your allowable expenses are limited to \$3,000 if you paid for the care of one qualifying person. The limit is \$6,000 if you paid for the care of two or more.

**6. Dependent Care Benefits.** If your employer gives you dependent care benefits, special rules apply. For more on these rules see [Form 2441](#), Child and Dependent Care Expenses.

**7. Qualifying Person's SSN.** You must include the Social Security number of each qualifying person to claim the credit.

**8. Care Provider Information.** You must include the name, address and [taxpayer identification number](#) of your care provider on your tax return.

**9. Form 2441.** You file [Form 2441](#) with your tax return to claim the credit.

**10. IRS Free File.** You can use [IRS Free File](#) to prepare and [e-file](#) your federal tax return, including Form 2441, Child and Dependent Care Expenses, for free. Free File is the fastest and easiest way to file your tax return and it's only available at [IRS.gov/freefile](#).

Each and every taxpayer has a set of fundamental rights they should be aware of when dealing with the IRS. These are your [Taxpayer Bill of Rights](#). Explore your rights and our obligations to protect them on IRS.gov.

## Additional IRS Resources:

- [Tax Topic 602](#) - Child and Dependent Care Credit
- [Publication 503](#), Child and Dependent Care Expenses
- [Filing Your Taxes](#)
- [IRS Tax Map](#)

## IRS YouTube Video:

- *Welcome to Free File* – [English](#)

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