

Child care expenses that do not qualify

Qualifying child care expenses do **not** include amounts paid for the client'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 else, or
- Child care paid when your client (and spouse if filing jointly) are not working or attending school.

Checklist

Your client will need to provide the following information to claim the working family child care credit:

- Child's full name,
- Child's date of birth,
- Child's Social Security number,
- Child care provider's full name, address, and daytime phone number, and age,
- Child care provider's tax identification number,
- Proof of payment of child care expenses (such as canceled checks or money orders),
- Verification of household size, and
- Relationship, if any, of the child to the taxpayer and of the child to the care provider.

For more information

Website: 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

If you have a touch-tone telephone, call our 24-hour voice response system at one of the numbers above to:

- Hear recorded tax information.
- Order tax forms.
- Check on the status of your 2007 personal income tax refund (beginning February 1).



For help from Tax Services, call one of the numbers above:

Monday through Friday 7:30 a.m.–5:00 p.m.
Closed Thursdays from 9:00 a.m.–11:00 a.m. Closed on holidays.

Extended hours during tax season:

April 1–April 15,
Monday–Friday 7:00 a.m.–7:00 p.m.
Saturday, April 12 9 a.m.–3 p.m.
Wait times may vary.

Asistencia en español:

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

TTY (hearing or speech impaired; machine only):

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

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



Visit us on the web at www.oregon.gov/DOR

150-101-460 (12-07)



Oregon Oregon Working Family Child Care Credit



For Tax Preparers

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 authorized under Oregon Revised Statute (ORS) 315.262 and Oregon Administrative Rule (OAR) 150-315.262. 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 your client.

How does my client qualify to claim this credit?

First, your client must meet the income tests:

1. Your client must have a minimum amount of earned income.*
2. Your client also must have less than the maximum amount of investment income.*
3. Your client also must have federal adjusted gross income that is less than the limits based on his or her household size.

Next, your client must have qualifying child care expenses. Qualifying expenses are:

- Paid by your client for the care of your client's qualifying child, and
- Paid to someone who is not the child's parent, guardian, or your client's relative or step-relative under age 19, and
- Paid to allow your client (and spouse if filing jointly) to work or attend school at least part time or your client (or client's spouse) is exempt from this requirement due to a qualifying disability and files Form WFC-DP.

What is a "qualifying child?"

A qualifying child under the Oregon working family child care credit is your client's child, stepchild, grandchild, step-grandchild, brother,

* "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.

sister, stepbrother, stepsister, nephew, niece, step-nephew, step-niece, or eligible foster child who:

- Was under age 13 as of December 31, 2006, **OR**
- Qualified for Oregon's additional exemption credit for a child with a disability.

AND

- is claimed as a dependent on your client's federal return, or
- could have been claimed as a dependent on your client's return except your client (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
- provided less than one-half of their own support for the tax year.

These requirements are explained on the Oregon Department of Revenue's website at www.oregon.gov/DOR and in the Oregon income tax booklet.

What is household size?

Household size is the number of people your client can claim as exemptions on the federal tax return who are:

- Living in the same house as your client, and
- Related to your client by birth, marriage, or adoption.

Your client's household size can include children whose exemption(s) have been released to the child's other parent.

You may not include people who do not live with your client, even if your client claims them as exemptions on their federal tax return.

How is this credit different from the Oregon child and dependent care credit?

While this credit seems similar to the child and dependent care credit, it stands alone under Oregon law.

The working family child care credit is different from the child and dependent care credit. It's refundable and isn't reduced by the amount of expenses paid with pre-tax dollars.

Can my client claim both the child and dependent care credit and the working family child care credit on the same expenses?

Yes. Your client must follow federal rules to qualify for the Oregon child and dependent care credit. However, the rules are different for Oregon's working family child care credit.

What should I tell my client about this credit?

If your client claims this credit, tell them to keep proof of payment in their records. The department can ask for proof at any time. If your client does not have proof of expenses, the credit may be denied. Proof includes:

- Canceled checks, or
- Duplicate checks along with bank statements, or
- Money order stubs,
- Detailed receipts signed by the child care provider at the time of payment (See the WFC instructions for information that must be on receipts).

How does my client claim the credit?

File Schedule WFC with the Oregon tax return. This schedule is required to be filed to claim the working family child care credit. Without this schedule, the credit may be denied.

Most tax preparation software supports Schedule WFC. It is also available with the instructions in the income tax booklets. Or, download the schedule from our website at www.oregon.gov/DOR.

Note: WFC credits are manually reviewed. This may delay the processing of your client's refund.