

## Introduction

The Oregon working family household and dependent care (WFHDC) credit is a refundable credit available to low and middle-income working families with qualifying expenses for household services or dependent care. You must have paid qualified expenses for one or more qualifying individuals (generally a dependent under age 13, or any disabled dependent or spouse) so you (and your spouse, if filing jointly) could work or look for work. The expenses can't exceed \$12,000 for one qualifying individual, or \$24,000 for two or more; and they can't exceed your earned income if filing as single, or the lesser of each spouse's earned income if filing jointly. For part-year and nonresidents, this credit is prorated based upon your Oregon percentage, line 35, on Form OR-40-N or Form OR-40-P.

Read the instructions below to see if you qualify, then complete Schedule OR-WFHDC. **You must include this schedule with your return to claim the credit.**

The WFHDC credit is tied to Internal Revenue Code (IRC) Section 21 (federal child and dependent care credit) with a few exceptions. You will need to fill out federal Form 2441, *Child and Dependent Care Expenses*, in order to complete this schedule, even if you don't claim the federal child and dependent care credit.

You will need access to our WFHDC online calculator or Publication WFHDC-TB to complete the credit computation. Both can be found at [www.oregon.gov/dor](http://www.oregon.gov/dor). If you don't have access to the internet, contact us. See "Do you have questions or need help?" at the end of these instructions.

**Read these instructions carefully. A penalty of up to 25 percent of the amount claimed may be charged if you knowingly claim or knowingly assist someone in claiming this credit falsely. The penalty is in addition to the credit being adjusted or denied.**

## What's New

**WFHDC for Students.** If you (or your spouse, if filing married filing jointly) were a student during the tax year, you may be eligible to claim the WFHDC credit. Use Schedule OR-WFHDC-ST in addition to Schedule OR-WFHDC to figure your WFHDC credit. Begin by reading the instructions for Schedule OR-WFHDC to see if you qualify.

## General information

You can claim this credit if **all** of the following are true:

1. You incurred dependent care expenses so you (and your spouse, if filing jointly) could work or look for work.

However, if you looked for work but didn't find employment, and you (including your spouse, if filing jointly) don't have earned income for the year, you can't claim the credit. The expenses may be allowed if you (or your spouse, if filing jointly) qualify as a disabled individual or a student. Refer to the "Disability" section on page 2 and the "Attending school" section on page 3.

2. Your filing status is single, head of household, qualifying surviving spouse, or married filing jointly. However, if your filing status is married filing separately, you may qualify in certain circumstances. See "Married persons filing separately" on page 4.
3. The care is for one or more qualifying individuals.
4. The person who provided the care isn't your spouse, the parent of your qualifying individual, or a person whom you can claim as a dependent. If your child provided the care, they must have been age 19 or older by the end of 2022 and can't be your dependent.
5. Form OR-40 filers, your adjusted gross income (AGI) on Form OR-40, line 7, is less than the limit for your household size. Forms OR-40-N and OR-40-P filers, the **greater** of your federal AGI on Form OR-40-N or Form OR-40-P, line 29F, or your Oregon AGI on Form OR-40-N or Form OR-40-P, line 29S, is less than the limit for your household size.

Household size	AGI limit
2	\$54,930
3	\$69,090
4	\$83,250
5	\$97,410
6	\$111,570
7	\$125,730
8 or more	\$139,890

## Definitions

### Qualifying individual

A qualifying individual is:

1. A qualifying child under age 13 whom you can claim as a dependent. If the child turned 13 during the year, they are a qualifying individual for the part of the year they were under 13. If you were divorced or separated, see "Special rule for children of divorced or separated parents" below.
2. Your disabled spouse who wasn't physically or mentally capable of self-care and lived with you for more than half of the year.
3. Any disabled person who lived with you for more than half of the year, wasn't physically or mentally capable of self-care and could be claimed as your dependent, or could be claimed as your dependent except:

- a. They had gross income of \$4,400 or more;
- b. They filed a joint return; or
- c. You (or your spouse, if filing jointly) could be claimed as a dependent on another taxpayer's 2022 return.

**Special rule for children of divorced or separated parents.**

Even if you can't claim your child as a dependent, they are treated as your qualifying individual if:

- The child was a qualifying individual; and
- You were the child's custodial parent. The custodial parent is the parent with whom the child lived for the greater number of nights during 2022. If the child was with each parent for an equal number of nights, the custodial parent is the parent with the higher adjusted gross income. For details and an exception for a parent who works at night, see federal Publication 501.

The noncustodial parent can't treat the child as a qualifying individual even if that parent is entitled to claim the child as a dependent under the special rules for a child of divorced or separated parents.

**Example 1.** Hilda and Roberto are divorced with two children. The children live with Hilda in her home for more than half of the year. The children stay with Roberto on certain weekends, holidays, and one month during the summer. Hilda pays child-care expenses for 11 months during the year. Roberto pays child-care expenses for the one month in the summer when the children are with him. Hilda releases the exemption for one child to Roberto. Only Hilda may claim the WFHDC credit because the children are her qualifying individuals. Roberto may not claim the WFHDC credit for the month he had the children and worked because he doesn't have a qualifying individual.

**Example 2.** Jaxon and Brenda live together but aren't married. They have a child together who lives with them. Based upon the special rules for divorced or separated parents, Jaxon qualifies to claim the child as a qualifying individual (even if he decides to let Brenda claim the child as a dependent). Jaxon will include the child in his household size calculation; Brenda will not. They can't split the exemption or WFHDC credit.

**Disability**

An individual is disabled if they are physically or mentally incapable of self-care as a result of a physical or mental impairment that causes the individual to be incapable of caring for their hygiene or nutritional needs, or requires full-time attention of another person for their own safety or the safety of others.

The inability of an individual to engage in any substantial gainful activity or to perform the normal household functions of a homemaker or care for minor children by reason of a physical or mental impairment doesn't by itself establish that the individual is physically or mentally incapable of self-care.

If you are disabled, you may still qualify for the credit even if you had no earned income, see the "Earned Income" section, page 4 of the instructions.

**Qualified expenses**

Qualified expenses include amounts **you** paid for household services and care of the qualifying individual(s) while you worked or looked for work. The expenses may also be allowed if you (or your spouse, if filing jointly) attended school. If your filing status is married filing joint, both of you must be working, looking for work or attending school at the time the expenses were incurred for the expenses to qualify.

Generally, if you worked or actively looked for work during only part of the period in which you incurred the expenses, you must figure your expenses for each day worked. However, there are special rules for temporary absences or part-time work. See IRS Publication 503 for more information.

**Note:** You may be asked for proof that you worked or looked for work. You can provide time sheets and pay stubs to show when you were working. You can show your efforts to find work with written communication from prospective employers, as well as details about where and when you applied for work and the results.

You may include only the expenses **you** actually paid. Your actual expenses can include up to \$5,000 (\$2,500 if married filing separately) of pre-tax dependent care benefits described under IRC Section 129. For the purposes of the WFHDC credit, the following dependent care benefits are considered as being paid by you:

- Amounts the employer paid directly to either the taxpayer or to the care provider for the care of the qualifying person(s) while the taxpayer worked;
- The fair market value of care in a daycare facility provided or sponsored by the employer; and
- Pre-tax contributions the taxpayer made under a dependent care flexible spending arrangement (FSA).

**Note:** The dependent care benefits will be included in the total expenses you paid; however, the expense limitation (\$12,000 for one qualifying individual or \$24,000 for two or more qualifying individuals) will be reduced by the pre-tax amount (line 17).

You **can't** claim expenses that are paid by someone else, such as a state assistance agency, family member, or the child's other parent.

Qualified expenses **don't** include amounts you paid for:

- Public or private school (K-12).
- Summer school or tutoring.
- Sports.
- Overnight camps.
- Child support payments.
- Food, lodging, gas, or supplies.
- Late payments and most fees (see federal Publication 503 for more information).

For expenses for after-school activities and boarding school, only the portion that is for dependent care is eligible for this credit. The dependent care portion of the expenses must be listed separately to qualify.

**Medical expenses.** If you itemized your deductions for Oregon, some disabled spouse and dependent care expenses may qualify as medical expenses. You can use these expenses for either the WFHDC credit or as a medical expense deduction, but not both. If your expenses qualify as both, see the instructions for Schedule OR-A for more information.

## Provider

A provider is an individual or organization that provides household services or care for the qualifying individual.

The person who provided the care can't be your spouse, the parent of your qualifying individual, or a person whom you can claim as a dependent. If your child provided the care, they must be age 19 or older by the end of 2022, and they can't be your dependent.

If the provider is a dependent care center, the center must meet all applicable state and local regulations. A dependent care center is a place that provides care for more than six people (other than people who live there) and receives a fee, payment, or grant for providing services for any of those people, even if the center isn't run for profit.

## Household services

Household services are services needed to care for the qualifying individual, as well as to run the home. They include, but aren't limited to: the services of a cook, maid, babysitter, housekeeper, or cleaning person if the services were partly for the care of the qualifying individual. Don't include services of a chauffeur or gardener. You can also include your share of the employment taxes paid on wages for qualifying child and dependent care services.

## Care of the qualifying individual

Care includes the cost of services for the qualifying individual's well-being and protection. It doesn't include the cost of food, lodging, education, clothing, or entertainment.

You can include the cost for care provided outside your home for your dependent child or for any other qualifying individual who regularly spends at least eight hours a day in your home.

You can include amounts paid for items other than the care of your child (such as food and schooling) only if the items are incidental to the care of the child and can't be separated from the total cost. You can include the cost of a day camp, even if it specializes in a particular activity, such as computers or soccer. See "Qualified expenses" in the definition section for more information on what can be included.

## Proof of qualifying individual's care expenses

You must be able to prove that you paid qualified expenses in order to claim this credit. Legible proof of both the payment and the receipt are required for each expense paid.

**Note:** The level of evidence we require increases when payments are made in cash or when the provider is a relative

or someone with whom you have a personal relationship with, such as a friend. Those who pay child-care expenses by check are generally better able to prove that they paid the expenses claimed. Acceptable **proof of payment** includes, but isn't limited to:

- Cancelled check (front and back).
- Money order stub, along with a corresponding bank statement showing the withdrawal.
- Cashier's check, along with a corresponding bank statement showing the withdrawal.
- Duplicate check, along with a corresponding bank statement showing the withdrawal.
- Bank statement showing the cash withdrawal, along with receipts or detailed year end statement.
- Electronic history report or statement showing money was sent by you, to whom it was sent and indicate what the payment was for.

Acceptable **receipts** must be received at the time of payment, must match the proof of payment, and must include the following:

- Qualifying individual's full name.
- Dates of care.
- Date and amount paid.
- Name of the person or agency paying.
- Provider's name, address, and phone number.
- Provider's SSN, individual taxpayer identification number (ITIN), or federal employer identification number (FEIN).
- Method of payment (check, money order, cash, etc.).

If you have more than one qualifying individual, be sure the information is listed separately for each.

**Important:** We may ask that your provider fill out Form OR-PS to verify the amount you paid. Documents provided won't be returned. **Ask for a signed receipt from your provider each time you pay for care.**

**Example 3.** Mary has two children and works full-time. Mary's friend, Connie, is her child-care provider. Mary pays Connie \$500 a month in cash. During the processing of her tax return, Mary was asked for proof of expenses. She didn't provide receipts or other proof of payment, so her credit was denied. Mary filed a written objection and provided receipts that Connie filled out after the credit denial. Mary can't be allowed the credit because the receipts weren't provided to her at the time of payment and she has no other proof that she paid Connie.

**Submitting proof of qualified expenses.** If we ask for proof of your qualified expenses, you can submit your documents online. Visit [www.oregon.gov/dor](http://www.oregon.gov/dor) and look for Revenue Online. You also have the option to mail your documents. Follow the instructions included in the letter requesting the information.

## Attending school

You (and/or your spouse, if filing jointly) are considered a student if you enrolled and attended school as a full or part-time student in a degree-seeking program and qualified for

financial aid. A school doesn't include an on-the-job training course, correspondence school, training center or a school offering courses only through the internet. We may request a copy of your school records.

You may still qualify for the credit even if you had no earned income. See the "Earned Income" section below.

In order to qualify as a student, your Oregon AGI on Form OR-40, line 7, must be less than the limit for your household size. Forms OR-40-N and OR-40-P filers, the **greater** of your federal AGI on Form OR-40-N or Form OR-40-P, line 29F, or your Oregon AGI on Form OR-40-N or Form OR-40-P, line 29S, must be less than the limit for your household size.

Household size	AGI limit
2	\$20,141
3	\$25,333
4	\$30,525
5	\$35,717
6	\$40,909
7	\$46,101
8 or more	\$51,293

**Financial aid.** You must have qualified to receive financial aid as either a full-time or part-time student. However, to qualify, you are not required to have received the financial aid. If you do not qualify for financial aid, you cannot claim WFHDC for the dependent care expenses when you were attending school.

For more information, see Schedule OR-WFHDC-ST Instructions.

## Earned income

Generally, the earned income amounts for the WFHDC credit are tied to IRC Section 21. Earned income amounts are reported on federal Form 2441, lines 4 and 5. If you did not qualify for the federal credit because of your non-taxable dependent care benefits, your earned income amounts are reported on Form 2441, lines 18 and 19.

Forms OR-40-N and OR-40-P filers, only consider the amounts that are taxable to Oregon when calculating your earned income. Earned income taxable to Oregon includes income earned while working in Oregon as a nonresident plus all earned income earned while a resident (if applicable), unless the income is exempt from Oregon tax.

Your earned income must be greater than \$0 to claim this credit unless you (or your spouse, if filing jointly) qualify as a student or are disabled.

**Disabled.** If you're married filing jointly and you or your spouse were disabled, you may count \$250 (\$500 if two or more qualifying individuals were cared for) per month towards earned income for each month or portion of a month that the qualifications for being disabled are met. These amounts are already included in federal Form 2441, lines

4 and 5 or lines 18 and 19. Only one spouse may qualify as being disabled each month.

**Married persons filing separately.** Generally, married persons must file a joint return to claim the WFHDC credit. If your filing status is married filing separately and **all** of the following apply, you're considered unmarried for purposes of this credit and may claim the credit if all other credit requirements are met:

- You lived apart from your spouse for the last six months of 2022;
- Your home was a qualifying individual's main home for more than half of 2022; and
- You paid more than half of the cost of keeping up that home for 2022.

See IRS Publication 501 for information and a worksheet for keeping up a home. **Note:** We may ask for proof that your qualifying individual lived with you or that you and your spouse lived apart.

**Example 4.** Andrew separated from his spouse in March. He isn't separated under a divorce decree or separate maintenance agreement. Andrew maintains a home for himself and Logan, his disabled brother. Logan is permanently and totally disabled and goes to an adult care center while Andrew is at work.

Andrew can't claim Logan as a dependent because Logan's gross income is more than \$4,400. Because Andrew isn't able to claim Logan as a dependent, and he is still married as of the end of the year, he can't use the head of household filing status. Andrew will instead file as married filing separately.

Andrew is able to claim the credit with Logan as his qualifying individual, even though Andrew uses the married filing separately filing status, because:

- He didn't live with his spouse for the last six months of the year;
- He has maintained a home for himself and Logan (a qualifying individual) since he separated from his spouse in March;
- He maintains his own household and provides more than half of the cost of maintaining that home for himself and Logan; and
- Andrew pays an adult care center to care for Logan to allow him to work.

## Form instructions

You must complete the entire schedule and submit it with your Oregon return. Failure to include a completed schedule may result in both a delay and denial of your WFHDC credit. **Your refund may take longer to process when claiming this credit.**

## Check the boxes

**Attending school.** Check this box if you or your spouse, if filing jointly, qualify as a student and paid care expenses while attending school. We may request a copy of your

school records. For requirements, see “Attending school” in the definition section.

**Disabled.** Check this box if you’re married and either you or your spouse weren’t physically or mentally capable of self-care. Only one spouse can qualify as disabled. The other spouse must still work or be looking for work. We may request proof of the disability. For requirements, see “Disability” in the definition section.

**Example 5.** Jean and Glen are married and have three children in child care. Jean works full time and Glen doesn’t work or attend school and is receiving disability payments. Despite his disability, Glen is physically and mentally able to care for himself. Jean and Glen can’t claim this credit for their child-care expenses because Glen didn’t work, look for work, or go to school; and he is able to care for himself.

## Section 1—Providers

**Enter the provider’s full name or business name and complete address.** Enter the rest of the provider’s information.

If you have more than three providers, fill out and include an additional page 2 of Schedule OR-WFHDC. Add the total from the additional page onto line 4 of the original page 2.

**Provider’s SSN, ITIN, or FEIN.** You **must** enter your provider’s Social Security Number (SSN) or Individual Taxpayer Identification Number (ITIN) in the “Provider’s SSN” box or enter the Federal Employer Identification Number (FEIN) in the “Provider’s FEIN” box.

If the provider is a tax-exempt organization, leave these two boxes blank and have the provider fill out federal Form W-10. If you file electronically, submit federal Form W-10 with the Oregon return or as a PDF attachment. If you don’t file electronically, include federal Form W-10 with your return and keep a copy with your records.

**Provider’s phone.** Enter a daytime phone number for the provider. We need a current phone number to contact the provider; otherwise, your refund may be delayed.

**Qualifying individual to provider relationship code.** Identify the relationship of the qualifying individual to the provider using the code from the relationship code table.

**Amount you paid to provider.** Enter the total amount of qualified expenses (see page 2) you paid in 2022 to the provider. Don’t include amounts someone else paid for you.

## Relationship code table

Title	Code	Relationships included
Son/Daughter	SD	Son, daughter, adopted child.
Stepchild	SC	Stepson, stepdaughter.
Foster child	FC	Foster child.
Sibling	SB	Brother, sister, half-brother, half-sister, stepbrother, stepsister, brother-in-law, sister-in-law.
Parent	PT	Father, mother, stepfather, stepmother, father-in-law, mother-in-law.
Spouse	SP	Husband, wife.
Grandparent	GP	Grandmother, grandfather.
Grandchild	GC	Grandson, granddaughter.
Aunt/Uncle	AU	Aunt, uncle.
Niece/Nephew	NN	Niece, nephew.
Other relative	OR	Son-in-law, daughter-in-law, cousin, etc.
No relation	NR	Any other qualifying individual.

## Section 2—Qualifying individuals

List each qualifying individual in order from youngest to oldest. Enter their full name, SSN or ITIN, relationship to you (using the codes from the relationship code table), and date of birth. Check the box if the qualifying individual is disabled. Don’t list anyone who isn’t a qualifying individual even if you paid for their care.

If you have more than three qualifying individuals, fill out and include an additional page 3 of Schedule OR-WFHDC. Add the totals from the additional page onto lines 8, 9, and 10 of the original page 4.

**Lines 5h, 6h, and 7h.** Enter the total amount of expenses paid for each qualifying individual in lines 5h, 6h and 7h. Include all expenses that would be considered a qualified expense even if you didn’t pay for them yourself.

**Lines 5i, 6i, and 7i.** Enter the portion of expenses that were paid by someone else on your behalf, such as the Employment Related Day Care program, a family member, the child’s other parent, etc.

**Lines 5j, 6j, and 7j.** Enter the portion of total expenses that you paid or that were deducted from your salary. These are your qualified expenses (see page 2).

**Limitation on qualified expenses.** Enter the maximum amount of expenses that will be allowed on line 16. Enter \$12,000 for one qualifying individual or \$24,000 for two or more qualifying individuals.

The limit doesn’t need to be divided equally between the qualified individuals. For example, if you paid \$2,000 for the care of one qualifying individual and \$13,000 for the care of another qualifying individual, you can use the total of \$15,000 to figure your credit. It’s also possible one qualifying

individual could have no expenses and a second qualifying individual could have expenses exceeding \$12,000. You should list 0 for the first qualifying individual and the actual amount for the second qualifying individual. The \$24,000 limit is still used to figure your credit.

**Example 6.** Lois works for a company that offers dependent care benefits. She contributes \$4,000 pre-tax to a flexible spending arrangement. Lois's employer reports the \$4,000 of dependent care benefits in box 10 of her W-2. Lois also paid \$1,000 with after-tax dollars for qualified expenses. Lois will enter \$5,000 on line 5h for the total expenses. She will enter \$0 on line 5i and \$5,000 on line 5j for the amount she paid.

**Example 7.** Thalia receives government assistance to pay her child-care expenses. The child-care provider charges Thalia \$600 per month to care for her qualifying child. Of the \$600 per month, the state paid \$450, and Thalia paid a co-pay of \$150. Thalia's credit will only be based upon the amount she paid herself. Thalia will enter \$7,200 ( $\$600 \times 12$ ) on line 5h for the total expenses paid. She will enter \$5,400 ( $\$450 \times 12$ ) on line 5i for the state assistance that was paid on her behalf. She will enter \$1,800 ( $\$150 \times 12$ ) on line 5j for the amount she paid.

**Example 8.** Wally and Donna are married and have two children, Amy and Jim. Wally works full time. Donna is unable to work because of an illness that renders her physically and mentally unable to care for herself. A home care worker comes to their home daily to take care of Donna while Wally is at work. Wally and Donna pay \$750 a month for child care (\$450 per month for Amy's care and \$300 per month for Jim's care). They also pay \$800 a month for Donna's care.

Wally and Donna will enter \$5,400 ( $\$450 \times 12$ ) on lines 5h and 5j for Amy's care. They will enter \$3,600 ( $\$300 \times 12$ ) on lines 6h and 6j for Jim's care. They will enter \$9,600 ( $\$800 \times 12$ ) on lines 7h and 7j for Donna's care. For their total qualified expense on line 8 and line 10, they will enter \$18,600 ( $\$5,400 + \$3,600 + \$9,600$ ).

**If you paid for the expenses in a different year than the care was provided,** claim the credit in the later year in which expenses were paid or care was provided. See below to ensure you claim the credit in the correct tax year.

- If the expenses were paid in 2021 for care provided in 2022, claim the expenses in 2022.
- If the expenses were paid in 2022 for care provided in 2021, see the instructions for line 28 (under the Section 4 instructions).
- If the expenses were paid in 2022 for care provided in 2023, claim the expenses in 2023.
- If the expenses were paid in 2023 for care provided in 2022, claim the expenses in 2023, using Schedule OR-WFHDC-PR.

**Example 9.** In December 2022, Jayne pays for the care of her disabled mother, who qualifies as her dependent, for the services that will be provided in January 2023. Jayne may only claim these expenses in 2023, the later of the years in which the expenses are paid or the services are performed.

### Section 3—Household size calculation

**Lines 11–15.** Generally, your household size is the number of people who qualify as your dependents and can be claimed as an exemption on your 2022 Oregon tax return, who are related to you by blood, marriage, or adoption, and live in your home.

Household size can include your child for whom you have primary custody, even if you allowed the child's other parent to claim the exemption on their tax return. It can also include disabled qualifying individuals who are not related to you or who you couldn't claim on your return because:

- They had gross income of \$4,400 or more; or
- They filed a joint return; or
- You (or your spouse, if filing jointly) could be claimed as a dependent on another taxpayer's 2022 return.

Household size can also include your spouse, if you:

- Filed jointly on your federal return;
- Filed separately for Oregon because your residency status is different; and
- Lived together for the majority of the year.

**Line 14 .** Enter the number of people you claimed on your tax return who didn't live with you in your home for more than half of 2022. A person can't be counted in the household size calculation on more than one return.

**Example 10.** Eduardo and Paula are unmarried and are the parents of two children: Vivian and Nicolas. They maintain separate households and have joint custody of the children. Because the children live with Paula more than half the year, they are her qualifying individuals even though she releases the exemption for Vivian and allows Eduardo to claim her instead. Only Paula may claim the credit based on the child-care expenses she paid because she is the custodial parent.

Paula's household size is three (her and both children). She will enter "2" on line 11, "1" on line 12, and a total of "3" on lines 13 and 15.

**Example 11.** Justin and Cortney have never been married and have two children: Kyle, who lives with Justin all year, and Michael, who lives with Cortney all year. In the summer, each child spends one month with the child's other parent and sibling. Both Kyle and Michael live with Justin in July and both children live with Cortney in August. In addition to the child care for the child that lives with them, each parent also has daycare expenses during those months where both children are living in the parent's home.

Justin may claim one qualifying individual because Kyle lives with him. He may claim the expenses he paid for Kyle. He may not claim the child-care expenses he paid for Michael because Michael is Cortney's qualifying individual, not Justin's. Cortney may claim one qualifying individual because Michael lives with her. She may claim the expenses she paid for Michael, but she may not claim the child-care expenses she paid for Kyle because Kyle is Justin's qualifying child. Justin and Cortney each have a household size of two. They will each enter "2" on lines 11, 13, and 15.

**Example 12.** Jessica and Jay have three qualifying children. They also support Jay's parents who live in Mexico. They claim seven exemptions on their tax return. Jessica and Jay's household size is five, because only five individuals live in their home. They will enter "7" on lines 11 and 13, "2" on line 14, and a total of "5" on line 15.

**Example 13.** Dominic and Quentin are brothers. They live together with their disabled mother, Jenny. Jenny's care expense for the year is \$4,600. Dominic and Quentin each pay half of the care expense. Either Dominic or Quentin can claim the dependency exemption for Jenny, but not both. They agree that Dominic will claim Jenny as his qualifying individual; therefore, Quentin can't claim her. Dominic may claim the WFHDC credit based on \$2,300 of care expenses he paid, and a household size of two. Even though Quentin paid for care, he may not claim the WFHDC credit because Jenny isn't his qualifying individual.

### Section 4—Computation of credit

**Line 16.** If you're claiming one qualifying individual, enter \$12,000. If you're claiming two or more qualifying individuals, enter \$24,000.

**Line 17.** Enter the amount of dependent care benefits as reported on federal Form 2441, line 28. Use this amount even if you didn't claim the federal child and dependent care credit on your federal return. If this amount is more than line 16, you can't claim this credit.

**Lines 20 and 21.** If filing jointly, figure your and your spouse's earned income separately. On line 20, enter your earned income as reported on federal Form 2441, line 4. If you did not qualify for the federal credit because of your non-taxable dependent care benefits, use the earned income amount from Form 2441, line 18. Don't enter any amount less than zero. If you were a student, use the **Student imputed income worksheet** below.

On line 21, if you are filing jointly, enter your spouse's earned income from federal Form 2441, line 5. If you did not qualify for the federal credit because of your non-taxable dependent care benefits, use the earned income amount from Form 2441, line 19. Don't enter an amount less than zero. If your spouse was a student, use the **Student spouse imputed income worksheet** below. If you aren't filing jointly, enter the amount from line 20 on line 21 also.

**Students.** If you (or your spouse, if filing a joint return) were a full-time student for some part of 5 calendar months during the tax year, you are allowed to add \$250 (or \$500 if you have two or more qualifying persons) per month in imputed income to the amounts listed on federal Form 2441, lines 4 or 5. (See the instructions for federal Form 2441 for more information.) If you or your spouse added this imputed income to federal Form 2441, lines 4 or 5, complete the applicable worksheet(s) below to determine the amount you must claim on Schedule OR-WFHDC, lines 20 and 21.

### Student imputed income worksheet:

- 1 Enter the earned income, reported on Form 2441, line 4 (or if applicable, Form 2441, line 18). 1. \_\_\_\_\_
- 2 Enter the amount of imputed income you received for being a student that was included on Form 2441, line 4 (or if applicable, Form 2441, line 18). Do not enter imputed income received for being disabled. 2. \_\_\_\_\_
3. Line 1 minus line 2. This is your earned income. Enter this amount here and on Schedule OR-WFHDC, line 20. 3. \_\_\_\_\_

### Student spouse imputed income worksheet:

1. Enter the earned income, reported on Form 2441, line 5 (or if applicable, Form 2441, line 19). 1. \_\_\_\_\_
2. Enter the amount of imputed income your spouse received for being a student that was included on Form 2441, line 5 (or if applicable, Form 2441, line 19). Don't enter imputed income received for being disabled. 2. \_\_\_\_\_
3. Line 1 minus line 2. This is your spouse's earned income. Enter this amount here and on Schedule OR-WFHDC, line 21. 3. \_\_\_\_\_

**Line 23.** Your credit percentage is based upon your household size (line 15), your adjusted gross income, and the birthdate of your youngest qualifying individual. Form OR-40 filers, your AGI is the amount on Form OR-40, line 7. Forms OR-40-N and OR-40-P filers, your AGI is the larger of line 29F or line 29S on your Form OR-40-N or OR-40-P. To determine this percentage, use our WFHDC online calculator or Publication WFHDC-TB. You can find the publication at [www.oregon.gov/dor](http://www.oregon.gov/dor) or you can contact us to order it.

**Line 25.** If you (or your spouse if married filing jointly) are a qualifying student (see Attending School section above), complete Schedule OR-WFHDC-ST. Enter the amount from Schedule OR-WFHDC-ST, line 34. Otherwise, enter 0.

**Line 27.** Form OR-40 filers, enter the amount from line 26. Forms OR-40-N and OR-40-P filers, multiply the amount on line 26 by your Oregon percentage (Form OR-40-N or Form OR-40-P, line 35). The amount on line 27 will never be more than the amount listed on line 26.

**Line 28.** If you had qualified expenses for 2021 that you didn't pay until 2022, you may be able to increase the amount of credit you can take in 2022. To determine your eligibility, complete Schedule OR-WFHDC-PR, then enter the result on line 28. Keep Schedule OR-WFHDC-PR with your records.

**Example 14.** In 2021, Jan and Steve had child-care expenses of \$4,600 for their disabled 10-year old child. Of the \$4,600, they paid \$4,000 in 2021 and \$600 in 2022. Their adjusted gross income for 2021 was \$50,000. Steve's earned income of \$20,000 was less than Jan's earned income. Their 2021 WFHDC percentage was 0.30 (30 percent). A credit for their 2021 expenses paid in 2022 isn't allowed in 2021. It is allowed for the 2022 tax year, but they must use their 2021 WFHDC percentage and adjusted gross incomes to compute the amount.

Jan and Steve will enter \$180 ( $\$600 \times 0.30$ ) on Schedule OR-WFHDC-PR, line 13 and on Schedule OR-WFHDC, line 28.

**Example 15.** This is the same scenario as Example 14, except Jan and Steve are part-year Oregon residents. Their 2021 federal adjusted gross income was \$50,000 and their 2021 Oregon adjusted gross income was \$40,000. Their Oregon percentage is 0.8 (80 percent).

Jan and Steve will enter \$144 ( $\$600 \times 0.30 \times 0.8$ ) on line 15 of Schedule OR-WFHDC-PR, line 15 and on Schedule OR-WFHDC, line 28.

**Line 29.** Add lines 27 and 28. This is your WFHDC credit amount. Form OR-40 filers, enter the result on Schedule OR-ASC, Section F, using code 895. Form OR-40-N or OR-40-P filers, enter the result on Schedule OR-ASC-NP, Section H, using code 895.

## Penalty

You may be charged a penalty if you knowingly claim or knowingly assist someone in claiming this credit falsely. The penalty is up to 25 percent of the amount claimed and is in addition to the credit being adjusted or denied.

If you assist someone in claiming this credit, complete Schedule OR-WFHDC-CL. This checklist can be found at [www.oregon.gov/dor/forms](http://www.oregon.gov/dor/forms). You are responsible for reviewing the supporting documentation to verify credit eligibility and for asking clarifying questions to ensure false information isn't supplied. Also, inform the taxpayer a penalty may be assessed if they knowingly claim the credit falsely.

## Additional resources

For additional information refer to the following publications:

- Schedule OR-WFHDC-ST, *Oregon Working Family Household and Dependent Care Credit for Students form*.
- Schedule OR-WFHDC-ST Instructions, *Oregon Working Family Household and Dependent Care Credit for Students instructions*.
- Schedule OR-WFHDC-CL, *Due Diligence Checklist for Claiming the Working Family Household and Dependent Care (WFHDC) credit*.
- Federal Form 2441, *Child and Dependent Care Expenses*, and instructions.
- Federal Form W-10, *Dependent Care Provider's Identification and Certification*.
- Federal Publication 503, *Child and Dependent Care Expenses*.
- Federal Publication 501, *Exemptions, Standard Deduction, and Filing Information*.

## Do you have questions or need help?

[www.oregon.gov/dor](http://www.oregon.gov/dor)  
503-378-4988 or 800-356-4222  
[questions.dor@dor.oregon.gov](mailto:questions.dor@dor.oregon.gov)