

General information

The Oregon working family household and dependent care (WFHDC) credit is for families who pay for dependent care or household services in order to work, look for work, or attend school.

The WFHDC credit is similar to the federal child and dependent care credit, but with a few exceptions. Complete federal Form 2441, *Child and Dependent Care Expenses*, before you complete this schedule, even if you aren't claiming the federal credit.

You will need access to our WFHDC online calculator or Publication OR-WFHDC-TB to complete this schedule. Both can be found at 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.

Qualifications

Note: In these instructions, the word "you" also refers to your spouse, if you're married and filing a joint return, unless otherwise indicated.

To qualify for this credit, all of the following must be true for you:

1. You had one or more **qualifying individuals** who required care so that you could work, look for work, or attend school.
2. You paid or incurred **qualified expenses** for care or household services provided for your qualifying individual(s) by a qualified provider.
3. You had **earned income** that Oregon can tax or you qualify to have earned income imputed to you (deemed or "as if" you had earned income) because you were a student or a person with a disability.
4. If you're married, your filing status is not married filing separately unless you meet the requirements listed on page 4.
5. Your federal adjusted gross income (AGI) on Form OR-40, line 7 (or for nonresidents and part-year residents, the greater of your federal AGI or your Oregon AGI on Form OR-40-N or Form OR-40-P, line 29S) isn't more than the limit for your household size.

Household size	AGI limit
2	\$63,450
3	\$79,950
4	\$96,450
5	\$112,950
6	\$129,450
7	\$145,950
8 or more	\$162,450

Definitions

Qualifying individual

A qualifying individual is:

- A qualifying child who was under age 13 at the end of the tax year and could be claimed as your dependent. If the child turned 13 during the year, they are a qualifying child only for the part of the year when they were 12.
- Your spouse, if they had a disability that made them physically or mentally incapable of self-care, and if they lived with you for more than half of the year.
- Any person with a disability who lived with you for more than half of the year, if they weren't physically or mentally capable of self-care and could be claimed as your dependent or could have been claimed as your dependent except:
 - They had gross income of \$5,200 or more;
 - They filed a joint return; or
 - You could be claimed as a dependent on someone else's 2025 return.

Qualifying child. A qualifying child is your biological or adopted child, foster child, sibling, or a descendant of any of them, if the child:

- Lived with you for more than half of the year;
- Didn't provide more than half of their own support during the year; and
- Isn't filing a joint return (except to claim a refund of withheld or estimated tax).

For more about the definition of a qualifying child, see Internal Revenue Service (IRS) Publication 501, *Dependents, Standard Deduction, and Filing Information*.

Special rule for children of divorced or separated parents.

Even if you can't claim your child as a dependent, you may still qualify to claim the WFHDC credit if they would otherwise be your qualifying child 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 2025. If the child was with each parent for an equal number of

nights, the custodial parent is the parent with the higher AGI. For details and an exception for a parent who works at night, see IRS Publication 501.

The noncustodial parent can't treat the child as a qualifying individual even if that parent is allowed to claim the child as a dependent for tax purposes.

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. For tax purposes, Hilda releases one child's exemption to Roberto. Both children are Hilda's qualifying individuals. Roberto can't claim either child as his qualifying individual.

Disability

For purposes of the WFHDC credit, a person has a disability if they are physically or mentally incapable of self-care as a result of a physical or mental impairment that causes them 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 have a disability, you may still qualify for the credit even if you had no earned income. See the "Earned Income" section on page 4.

Qualified expenses

Qualified expenses are amounts **you** paid for care or household services for your qualifying individual(s) while you worked, looked for work, or attended school. If you're filing a joint return, both of you must have been working, looking for work, or attending school at the time the expenses were incurred unless your spouse is your qualifying individual.

Working or looking for work. 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, *Child and Dependent Care Expenses*, for more information.

We may ask you to verify 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 documentation from prospective employers or from public or private employment services. The documentation must include details about where and when you applied for work or actively engaged in other work search activities and the results of your work search.

Expenses you paid. Your WFHDC credit is based on expenses you actually paid for qualifying care or household services, up to \$12,000 if you have one qualifying individual or up to a combined total of \$24,000 if you have two or more qualifying individuals.

Your actual expenses can include up to \$5,000 of nontaxable (pre-tax) dependent care benefits described in Section 129 of the Internal Revenue Code (IRC) (up to \$2,500 if married filing separately; see page 4). For purposes of this credit, you are considered to have actually paid for services or care using the following types of dependent care benefits:

- Amounts the employer paid directly to you or to your care provider for the care of your qualifying individual(s) while you worked.
- The fair market value of care in a daycare facility provided or sponsored by the employer.
- Pre-tax contributions you 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 will be reduced by the nontaxable amount.

Disqualified expenses. You can't claim expenses that were paid by someone else, such as a state assistance agency, family member, or the child's other parent. Other disqualified expenses 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 IRS 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're claiming Oregon itemized deductions on Schedule OR-A, some 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 "WFHDC medical expenses" in Publication OR-17 for more information.

Proof of 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, 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 and to whom it was sent, indicating 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 taxpayer identification number.
- 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 2. 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 and look for Revenue Online. You also have the option to mail your documents. Follow the instructions included in the letter requesting the information.

Payment and care in different years

If you paid during one year for care that was provided during the prior year, or if you paid in advance during one year for care to be provided during the following year, the WHFDC credit for those expenses may be claimed only on the return you file for the later of the two years.

If care was provided during:	And you paid for the care in:	Claim the credit on your return for:
2024	2025	2025
2025	2024	2025
2025	2026	2026
2026	2025	2026

If the payment year is later than the year when care was provided, use Schedule OR-WFHDC-PR to figure the amount to enter on Schedule OR-WFHDC, line 28, for the payment year.

Example 3. In December 2025, Jayne pays for the care of her mother, who is a person with a disability for purposes of the WFHDC credit and qualifies as her dependent, for services that will be provided in January 2026. Jayne may only claim a credit for these expenses on her 2026 return, the later of the two years.

Provider

A provider is a person, dependent care center, or other organization that provides care or household services for a qualifying individual.

Family member. A family member may be a provider, as long as the family member isn't your spouse, the parent of your qualifying individual, or anyone you can claim as a dependent on your return. If your child provided the care, they must have been age 19 or older at the end of the tax year when the care was provided, and you must be unable to claim the provider as your dependent for that tax year.

Dependent care center. For purposes of this credit, 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. If the provider is a dependent care center, the center must meet all applicable state and local regulations.

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.

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.

Earned income

Generally, your earned income for the WFHDC credit is the same as your earned income on federal Form 2441, lines 4 and 5. (If you don't qualify for the federal credit because of your nontaxable dependent care benefits, your earned income amounts are reported on Form 2441, lines 18 and 19.)

Nonresidents and part-year residents. If you're a nonresident, only include earned income that can be taxed by Oregon. Income that is taxed by Oregon includes wages earned as an employee physically working within the state unless the income is exempt from Oregon tax under federal law. If you were a part-year resident, combine any earned income taxable by Oregon when you were a nonresident with all earned income while you were a resident. For information about nonresident income that is exempt from Oregon tax under federal law, see Publication OR-17. **Note:** Your WFHDC credit must be prorated by your Oregon percentage (line 35 of your nonresident or part-year resident return).

No Oregon earned income

If you didn't have Oregon earned income, you cannot claim this credit unless you qualified as a student or, if you're married, as a person with a disability. A student or a person with a disability may have earned income imputed to them (deemed or "as if" earned income) for the purpose of calculating the WFHDC credit.

Student. You may qualify for the credit as a student if:

- You enrolled and attended school* as a full-time or part-time student in a degree-seeking program;
- You qualified for financial aid, even if you didn't accept the aid award; and
- You paid for care for a qualifying individual in order to attend school.

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

You may qualify for an alternative credit calculation for students. See Schedule OR-WFHDC-ST Instructions for more information.

Person with a disability. See "Disability" for the requirements for purposes of this credit. Earned income may be imputed to you if:

- You're married and filing a joint return;

- You have one or more qualifying individuals who required care so that your spouse could work, look for work, or attend school; and
- You were unable to provide care for your qualifying individual(s) due to the disability.

We may request proof of the disability. Only one spouse may qualify as having a disability for this purpose; the other spouse must work, look for work, or attend school. If you were a student with a disability, see the instructions for line 21 and Schedule OR-WFHDC-ST Instructions.

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 2025;
- Your home was a qualifying individual's main home for more than half of 2025; and
- You paid more than half of the cost of keeping up that home for 2025.

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 his brother Logan, who has a disability. Logan has a permanent and total disability that qualifies him for government benefits. He isn't capable of caring for himself, so he 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 \$5,200. 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;
- Has maintained a home for himself and Logan (a qualifying individual) since he separated from his spouse in March;
- Provided more than half of the cost of maintaining that home for himself and Logan; and
- Paid an adult care center to care for Logan, which allowed Andrew 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 return may take longer to process when claiming this credit.**

Check the boxes

Attended school. Check this box if you (or your spouse, if filing jointly) qualify as a student and paid care expenses while attending school.

Disability. Check this box if you're married and either you or your spouse qualified as a person with a disability.

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

If you paid more than three providers, complete and include as many additional copies of page 2 as you need.

Lines 1 through 3

Fields a through h: Provider name and location. Enter all of the requested information for each provider.

Fields i and j: Provider taxpayer identification. Enter your provider's Social Security number (SSN) or individual taxpayer identification number (ITIN) in the "Provider's SSN" field or their federal employer identification number (FEIN) in the "Provider's FEIN" field.

Note: If the provider is a tax-exempt organization, leave fields i and j blank and ask the provider to complete federal Form W-10, *Dependent Care Provider's Identification and Certification*. If you file electronically, submit the completed form with your Oregon return or as a PDF attachment. If you don't file electronically, include the completed form with your return and keep a copy with your tax records.

Field k: Provider phone. We may need to contact the provider while your return is being processed. A current daytime phone number will help prevent unnecessary processing delays.

Field l: Provider relationship code. Use the **Relationship code table** to identify the relationship between the provider and your qualifying individual(s).

Field m: Amount you paid to provider. Enter the total amount of qualified expenses you paid to the provider during 2025. Don't include any amount that someone else paid on your behalf.

Line 4

Enter the total amount of qualified expenses you paid to all providers during 2025. If you're using one or more additional copies of page 2, include the total amount from

each copy on line 4 of the original page 2 only; leave line 4 blank on any additional copy of page 2.

Relationship code table

Title	Code	Relationships included
Child	SD	Biological or adopted child.
Stepchild	SC	Stepchild.
Foster child	FC	Foster child.
Sibling	SB	Sibling, half sibling, stepsibling, or sibling-in-law.
Parent	PT	Parent, stepparent, or parent-in-law.
Spouse	SP	Spouse or registered domestic partner (RDP).
Grandparent	GP	Grandparent or great-grandparent.
Grandchild	GC	Grandchild or great-grandchild.
Aunt/Uncle	AU	Parent's sibling or the sibling's spouse or RDP.
Niece/Nephew	NN	Sibling's child, grandchild, or other descendant.
Other relative	OR	Child's spouse or RDP, cousin, or other related individual.
No relation	NR	Any other qualifying individual.

Section 2—Qualifying individuals

Enter the requested information for each of your qualifying individuals in order of their age, starting with the youngest individual. **Don't enter information for anyone who is not a qualifying individual.** If you have more than three qualifying individuals, complete and include as many additional copies of page 3 as needed.

Lines 5 through 7

Fields a through d. Enter each qualifying individual's full name and SSN or ITIN.

Field e. Use the **Relationship code table** to identify the qualifying individual's relationship to you.

Field f. Enter the qualifying individual's date of birth.

Box g. Check this box if the qualifying individual is a person with a disability.

Field h. Enter the total amount of expenses paid for the qualifying individual. Include any amount that would be considered a qualified expense even if someone else paid it on your behalf.

Field i. Enter the portion, if any, of expenses that were paid by someone else on your behalf. This includes any amount paid by the Employment Related Day Care (ERDC) program, a family member, a qualifying child's noncustodial parent, and so on.

Field j. Enter the total amount of qualified expenses that you paid or that were deducted from your pay by your employer.

Example 6. Lois works for a company that offers dependent care benefits. She contributes \$4,000 pre-tax to a flexible spending arrangement. Lois' 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 through the ERDC program 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 ERDC program paid \$450, and Thalia paid a co-pay of \$150. Thalia's credit will only be based upon the amount she paid herself. Thalia enters \$7,200 ($\600×12) on line 5h for the total expenses paid. She enters \$5,400 ($\450×12) on line 5i for the ERDC assistance that was paid on her behalf. She enters \$1,800 ($\150×12) on line 5j for the amount she paid.

Example 8. Jabari and Donna are married and have two children, Zuri and Jim. Jabari 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 Jabari is at work. Jabari and Donna pay \$750 a month for child care (\$450 per month for Zuri's care and \$300 per month for Jim's care). They also pay \$800 a month for Donna's care.

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

Section 3—Household size calculation

Line 11. Enter the number of regular exemptions included on line 6e of your Oregon return. Regular exemptions don't include additional exemptions for yourself or your spouse if you have a severe disability or for a child with a disability.

Line 12. Enter the number of regular exemptions that you couldn't claim on your Oregon return for any of the listed reasons.

- **Exemption released to child's other parent.** Your household size includes any child for whom you have primary custody, even if the exemption for the child has been released to the child's other parent.
- **Unrelated person with a disability.** Your household size includes any person with a disability who is a qualifying individual, even if they aren't related to you by blood, marriage, or adoption, if they would otherwise qualify to be claimed as a dependent on your return except that:
 - They had gross income of \$5,200 or more;
 - They filed a joint return with their spouse; or
 - You (or your spouse, if filing jointly) could be claimed as a dependent on another taxpayer's 2025 return.
- **Dependent on another's return.** Your household size includes yourself (and your spouse, if you're filing a joint return), even if you're not claiming a regular exemption for yourself because you can be claimed as a dependent on someone else's return.

- **Spouse with different residency status.** Your household size includes your spouse, if you:
 - Are filing a joint federal return;
 - Are filing separate Oregon returns because your residency status is different; and
 - Lived together for the majority of the year.

Line 14. Enter the number of regular exemptions you claimed on line 6e of your Oregon return for any of the listed reasons.

- **Dependent not living with you.** Your household size does not include any dependents who didn't live in your home with you for at least half of the year.
- **Child's exemption released to you.** Your household size does not include a child whose exemption was released to you by the child's custodial parent.
- **Unrelated nonqualifying individual.** Your household size does not include any person who isn't related to you by blood, marriage, or adoption, even if they qualify to be claimed as a dependent on your return, if they are not a qualifying individual for purposes of this credit.

Example 9. Paula and Eduardo 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 (herself and both children). She enters "2" on line 11, "1" on line 12, and "3" on lines 13 and 15.

Example 10. 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 the months when both children are living in the parent's home.

Justin may claim Kyle as his 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. Cortney may claim Michael as her 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 each enter "2" on lines 11, 13, and 15.

Example 11. 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 enter "7" on lines 11 and 13, "2" on line 14, and "5" on line 15.

Example 12. Dominic and Quentin are brothers. They live together with their mother, Jenny. Jenny has a disability for purposes of the WFHDC credit. Her 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

Your WFHDC credit is computed using the **smallest** of these four amounts:

- The expense limit for your number of qualifying individuals, reduced by of any nontaxable benefits reported on Form 2441.
- The actual amount of qualified expenses that you paid.
- Your earned income.
- Your spouse's earned income, if you're married and filing a joint return.

Line 17. Enter the amount of nontaxable dependent care benefits as reported on federal Form 2441, line 28, even if you're not claiming the federal child and dependent care credit.

Lines 20 and 21. On line 20, enter your earned income from federal Form 2441, line 4 or 18, whichever is applicable. If you were a student, use the **Student imputed income worksheet** below.

On line 21, if you're filing a joint return, enter your spouse's earned income from federal Form 2441, line 5 or 19, whichever is applicable. 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.

Student imputed income. 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 include \$250 (or \$500 if you have two or more qualifying individuals) per month in imputed income in the amount you enter on federal Form 2441, lines 4 or 5. (See the instructions for federal Form 2441 for more information.) If you included imputed income on Form 2441, complete the applicable worksheet(s) below to determine the amount to enter on Schedule OR-WFHDC, lines 20 and 21.

Student imputed income worksheet:

1. Enter your earned income from Form 2441, line 4 (or if applicable, Form 2441, line 18). 1. _____
2. Enter the amount of your student imputed income included in the amount

on line 1 of this worksheet. Do not enter imputed income for having a disability. 2. _____

3. Line 1 minus line 2. This is your earned income. Enter this amount on Schedule OR-WFHDC, line 20. 3. _____

Student spouse imputed income worksheet:

1. Enter your spouse's earned income from Form 2441, line 5 (or if applicable, Form 2441, 2441, line 19). 1. _____
2. Enter the amount of your spouse's student imputed income included in the amount on line 1 of this worksheet. Don't enter imputed income for your spouse for having a disability. 2. _____
3. Line 1 minus line 2. This is your spouse's earned income. Enter this amount on Schedule OR-WFHDC, line 21. 3. _____

Line 23. Your credit percentage is based upon your household size, AGI, and age of your youngest qualifying individual. Use our WFHDC online calculator or the tables inside Publication OR-WFHDC-TB to determine your percentage. You can find them on our website or contact us to order the publication.

Line 25. If you were a student, you may qualify for an alternative credit amount. See Schedule OR-WFHDC-ST Instructions for the alternative credit requirements. If you qualify, complete Schedule OR-WFHDC-ST. Enter the amount from Schedule OR-WFHDC-ST, line 34 and include both WFHDC schedules when you file your return. Otherwise, enter 0.

Line 27. If you're filing a nonresident or part-year resident return, your credit must be prorated. 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 on line 26. If you're a full-year resident, enter the amount from line 26.

Line 28. If you incurred qualified expenses for care provided during 2024 that you paid in 2025, complete Schedule OR-WFHDC-PR to determine the amount of credit you may claim for those expenses. Enter the amount from Schedule OR-WFHDC-PR, line 13 or 15, whichever is applicable. Keep Schedule OR-WFHDC-PR with your tax records.

Example 13. In 2024, Jan and Steve had child-care expenses of \$4,600 for their 10-year old child. Of the \$4,600, they paid \$4,000 in 2024 and \$600 in 2025. Their AGI for 2024 was \$57,000. Steve's earned income of \$20,000 was less than Jan's earned income. Their 2024 WFHDC percentage was 0.30 (30 percent). A credit for their 2024 expenses paid in 2025 wasn't allowed for tax year 2024. It is allowed for the 2025 tax year, so they use Schedule OR-WFHDC-PR and their 2024 WFHDC percentage and AGI to compute the amount.

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

Example 14. This is the same scenario as Example 13, except Jan and Steve are part-year Oregon residents. Their 2024 federal AGI was \$57,000 and their 2024 Oregon AGI was \$45,600. Their Oregon percentage is 0.8 (80 percent).

Jan and Steve enter \$144 ($\$600 \times 0.30 \times 0.8$) on 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. 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, *Dependents, Standard Deduction, and Filing Information*.

Do you have questions or need help?

www.oregon.gov/dor
503-378-4988 or 800-356-4222
questions.dor@dor.oregon.gov

Contact us for ADA accommodations or assistance in other languages.