



FEDERAL CHILD & DEPENDENT CARE CREDIT

(Tax Year 2011)

What is it?

The **Child and Dependent Care Credit** is a nonrefundable federal tax credit designed to assist families with the cost of care for children or other dependent relatives.

Who Qualifies?

Families can claim this credit if:

- ✧ They paid for care in 2011 for a child under 13 or a disabled adult; **AND**
- ✧ They needed the child or dependent care to work or look for work; **AND**
- ✧ They paid over half the cost of keeping up their home (rent, food, etc.); **AND**
- ✧ They paid less for dependent care than their 2011 income.

How Does It Work?

Families can claim only a limited amount of their care expenses. Eligible families will receive a credit worth between 20 percent and 35 percent of these expenses, depending upon income.

- ✧ Families with one child or dependent can claim up to \$3,000 and receive a credit of up to \$1,050.
- ✧ Families with more than one child can claim up to \$6,000 and receive a credit of up to \$2,100.
- ✧ The credit will reduce the amount of taxes owed.

(Note: Families earning too little to pay federal income taxes cannot use this credit).

How Do Filers Claim the Credit?

In order to receive the tax credit, filers must use federal Form 2441 and attach it to the federal Form 1040 or 1040A (Schedule 2).

Where Can Filers Get Free Tax Help?

Filers should be encouraged to avoid going to commercial preparers for tax services that cost them money. There are two ways that filers can submit their taxes for free:

- 1) If they do not need much help, they can file taxes themselves. They can use paper forms, or they can file electronically for free using **I-CAN! E-File**, a web-based software that is available at www.MichiganEIC.org or www.icanefile.org. It is written at a fifth-grade literacy level and is available in English and Spanish.
- 2) Filers can also get free tax assistance at one of the many Volunteer Income Tax Assistance (VITA) sites around Michigan. Information on the location and hours of the VITA sites is available at www.MichiganEIC.org or by calling 2-1-1 (or 1-800-552-1183 if 2-1-1 is not available). In some counties, 2-1-1 is also able to determine EITC eligibility or set appointments for tax assistance.

Remember...

The Child and Dependent Care Credit is available to any family with tax liability that pays for the care of a child or other dependent, regardless of income.