



# 2009 Child and Dependent Care Credit

The instructions for this schedule are on a separate sheet.

## Schedule M1CD

Sequence #5

Filing information

Your first name and initial	Last name	Social Security number
		<input type="text"/>

Children or other qualifying persons for whom you are claiming this credit (see instructions for definition of qualifying person):		
Name	Birth date (mmdyyy)	Social Security number
	<input type="text"/>	<input type="text"/>
	<input type="text"/>	<input type="text"/>
	<input type="text"/>	<input type="text"/>

Persons or organizations who provided the care:		
Name	Amount paid	Social Security number (or federal business ID number)
		<input type="text"/>
		<input type="text"/>

- Place an X in this box if you operate a licensed family day care home and are claiming the credit for your own child(ren). Enter your day care license number: \_\_\_\_\_
- Place an X in this box if you are a married couple filing jointly and are claiming the credit for your child born in 2009.

Round amounts to the nearest whole dollar.

All applicants

**All applicants**

- 1 Federal adjusted gross income (from line 37 of federal Form 1040, line 21 of Form 1040A, or line 4 of Form 1040EZ) . . . . . **1**
- 2 Nontaxable Social Security and/or Railroad Retirement Board benefits received and not included in line 1 above (include amounts deducted for Medicare premiums) . . . . . **2**
- 3 Deduction for payments made to an IRA, Keogh, Simplified Employee Pension (SEP) or SIMPLE plan (add lines 28 and 32 of federal Form 1040 or from line 17 of Form 1040A) . . . . . **3**
- 4 Total welfare received, including MFIP (Minnesota Family Investment Program), MSA (Minnesota Supplemental Aid), SSI (Supplemental Security Income), GA (General Assistance) and GRH (Group Residential Housing) . . . **4**
- 5 Additional nontaxable income—unemployment compensation, contributions to a 401(k) or deferred compensation plan—you must include (see instructions). Enter the type(s) of income below . . . . . **5**
- 6 Household income. Add lines 1 through 5 (if result is zero or less, enter 0) . . . . . **6**

**If line 6 is more than \$36,980, STOP HERE. You are not eligible for the credit.**

- 7 Credit amount (from the table on the back of this schedule) . . . . . **7**
- 8 Amount from line 9 of federal Form 2441. . . . . **8**
- 9 Amount from line 7 or line 8, whichever is less.  
Full-year residents: Enter this amount here and on line 27 of Form M1 . . . . . **9**

Part-year, nonresidents, American Indians, JOBZ

**Part-year residents, nonresidents, American Indians living on a reservation and taxpayers with JOBZ business income**

- 10 **If you are married:** Add lines 4 and 5 of federal Form 2441.  
**If you are single:** Enter the amount from line 4 of Form 2441 . . . . . **10**
- 11 Portion of the amount on line 10 that is taxable to Minnesota . . . . . **11**
- 12 Divide line 11 by line 10. Enter the result as a decimal (carry to five decimal places) . . . . . **12**
- 13 Multiply line 9 by line 12. Enter the result here and on line 27 of Form M1 . . . . . **13**

**Include this schedule and a copy of your federal Form 2441 with your Form M1.**  
**Enter the number of qualifying persons in the boxes to the left of line 27 on Form M1.**



## Table for Line 7

**If line 6 of**  
**Schedule M1CD is:**      **and you have:**  
    **one**      **two or more**  
    **but not**      **qualifying**      **qualifying**  
    **over —**      **person**      **persons**  
    **over**

*the credit amount for line 7 is*

<b>\$0</b>	<b>\$23,330</b>	\$720	\$1,440
<b>23,330</b>	<b>23,680</b>	702	1,404
<b>23,680</b>	<b>24,030</b>	684	1,368
<b>24,030</b>	<b>24,380</b>	666	1,332
<b>24,380</b>	<b>24,730</b>	648	1,296
<b>24,730</b>	<b>25,080</b>	630	1,260
<b>25,080</b>	<b>25,430</b>	612	1,224
<b>25,430</b>	<b>25,780</b>	594	1,188
<b>25,780</b>	<b>26,130</b>	576	1,152
<b>26,130</b>	<b>26,480</b>	558	1,116
<b>26,480</b>	<b>26,830</b>	540	1,080
<b>26,830</b>	<b>27,180</b>	522	1,044
<b>27,180</b>	<b>27,530</b>	504	1,008
<b>27,530</b>	<b>27,880</b>	486	972
<b>27,880</b>	<b>28,230</b>	468	936
<b>28,230</b>	<b>28,580</b>	450	900
<b>28,580</b>	<b>28,930</b>	432	864
<b>28,930</b>	<b>29,280</b>	414	828
<b>29,280</b>	<b>29,630</b>	396	792
<b>29,630</b>	<b>29,980</b>	378	756
<b>29,980</b>	<b>30,330</b>	360	720
<b>30,330</b>	<b>30,680</b>	342	684
<b>30,680</b>	<b>31,030</b>	324	648
<b>31,030</b>	<b>31,380</b>	306	612
<b>31,380</b>	<b>31,730</b>	288	576
<b>31,730</b>	<b>32,080</b>	270	540
<b>32,080</b>	<b>32,430</b>	252	504
<b>32,430</b>	<b>32,780</b>	234	468
<b>32,780</b>	<b>33,130</b>	216	432
<b>33,130</b>	<b>33,480</b>	198	396
<b>33,480</b>	<b>33,830</b>	180	360
<b>33,830</b>	<b>34,180</b>	162	324
<b>34,180</b>	<b>34,530</b>	144	288
<b>34,530</b>	<b>34,880</b>	126	252
<b>34,880</b>	<b>35,230</b>	108	216
<b>35,230</b>	<b>35,580</b>	90	180
<b>35,580</b>	<b>35,930</b>	72	144
<b>35,930</b>	<b>36,280</b>	54	108
<b>36,280</b>	<b>36,630</b>	36	72
<b>36,630</b>	<b>36,980</b>	18	36
<b>over</b>	<b>36,980</b>		not eligible

# 2009 Schedule M1CD Instructions

## Child and Dependent Care Credit

### Who is eligible?

If you paid someone to care for your child or other qualifying person so that you (and your spouse, if filing a joint return) could work or look for work, you may be eligible for a credit based on your qualified expenses. You must have had earned income to take this credit.

Qualified expenses and qualifying person are the same as for the federal credit for child and dependent care expenses. **Exceptions:** See *If your child was born in 2009* (on this page) and *Operators of licensed family day care homes* (on the back of this sheet).

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

- your household income is \$36,980 or less (complete lines 1 through 6 of Schedule M1CD to determine household income),
- you are single, head of household, qualifying widow(er) or married filing a joint return (married persons filing separate returns do not qualify), and
- the qualifying person lived with you for more than one-half of the year.

The Minnesota credit is refundable, which means you may benefit from the credit even if you have no state tax liability. This is different from the federal credit which can be used only to offset tax.

Before you complete this schedule, you must complete federal Form 2441—even if you did not claim the federal credit or file a federal return.

Nonresidents and part-year residents may be eligible for this credit, which is prorated by the percentage of earned income taxable to Minnesota.

### Qualifying person

A qualifying person is the same as for the federal credit for child and dependent care expenses. A qualifying person is your dependent child younger than age 13, your disabled spouse or a dependent who is disabled.

If you were divorced, legally separated or lived apart from your spouse during the last six months of 2009 and your child is not your dependent, you may take the credit if your child meets the requirements of a qualifying person for the federal credit for child and dependent care expenses. In this case, the other parent cannot treat the child as a qualifying person.

### Qualified expenses

Qualified expenses are amounts paid for household services and care of the qualifying person while you (and your spouse, if filing a joint return) worked or looked for work. The person who provided the care could not be your spouse or a person you can claim as a dependent. If your child provided the care, he or she must have been age 19 or older.

The expenses are the same as those that qualify for the federal credit for child and dependent care expenses. Payments made for you by another person or agency do not qualify.

### Exceptions:

Even if you did not have actual child care expenses, you may still be eligible if you meet one of the following conditions:

- you are married and filing a joint return, your child was born in 2009, and you did not participate in a pre-tax dependent care assistance program, or
- you were an operator of a licensed family day care home caring for your own child who had not reached the age of six years at the end of the year.

### Penalty for fraudulently claiming a refund

If you file a return that fraudulently claims a refund, you will be assessed a penalty. The penalty is 50 percent of the fraudulently claimed refund.

### You must have proof

Save canceled checks and/or keep a detailed record of your payments for child and dependent care expenses. The Revenue Department may ask you to show such records if there is any question concerning your child and dependent care credit.

### If your child was born in 2009

A married couple filing a joint return and having a child born in 2009 may claim a child care credit if they did not participate in a pre-tax dependent care assistance program. They may be eligible even if they did not have actual child care expenses or if only one spouse had earned income.

The credit for the newborn is based on \$3,000 of qualified expenses (even if your actual expenses were less than \$3,000) or the couple's *combined* earned income, whichever is smaller.

If your child care expenses for the child born in 2009 are less than \$3,000, complete the worksheet below to determine your credit.

#### Worksheet for child born in 2009

If you completed federal Form 2441 to claim the federal credit, you must also complete a *separate* federal Form 2441 to determine your Minnesota credit. Follow the instructions below to complete the Form 2441 you will use for Minnesota purposes:

1. Skip line 3 and complete lines 4 and 5 of Form 2441 according to the instructions.
2. Determine the amount to enter on line 6 of Form 2441 as follows:
  - a. For the child born in 2009, enter the *smaller* of:
    - 1) \$3,000, or
    - 2) the total of line 4 and line 5 of Form 2441 . . . . . 2a \_\_\_\_\_
  - b. If you had another child(ren) and you paid qualified child care expenses for them, enter the *smallest* of:
    - 1) your actual qualified child care expenses paid for them,
    - 2) amount on line 4 of Form 2441, or
    - 3) amount on line 5 of Form 2441 . . . . . 2b \_\_\_\_\_
  - c. Enter the *smaller* of:
    - 1) the total of steps 2a and 2b above, or
    - 2) \$6,000. . . . . 2c \_\_\_\_\_Enter the result from step 2c on line 6 of Form 2441.
3. Complete the rest of Form 2441 and Minnesota Schedule M1CD to determine your Minnesota credit.
4. Place an X in the appropriate box above line 1. Include the recomputed Form 2441 with your return.

## Operators of licensed family day care homes

Operators of licensed family day care homes can claim a child care credit when they care for their own child if the child had not reached the age of six years at the end of 2009. If the child was 16 months or younger at the end of 2009, the credit is based on \$3,000 of qualified expenses (\$6,000 if there are two children age 16 months or younger). If, at the end of the year, a child was older than 16 months but younger than age six, the credit is based on the amount the provider would charge for a child of the same age being cared for in the home for the same number of hours (up to the maximum amounts).

To correctly determine your credit, you must complete a separate federal Form 2441 using the above qualified expense amounts instead of any expenses you actually paid. Include the recomputed Form 2441 you used to determine your Minnesota credit when you file Form M1.

Place an X in the appropriate box above line 1 and enter your day care license number in the space provided.

### Line instructions

Round amounts to the nearest whole dollar.

#### Line 1

##### Federal adjusted gross income

Enter your federal adjusted gross income from your 2009 federal return. If the amount is a net loss (a negative amount), enter the negative number. Put parentheses around a negative number.

If you did not file a 2009 federal return, obtain a federal return and instructions to determine what your federal adjusted gross income would have been.

#### Line 2

##### Nontaxable Social Security and/or Railroad Retirement Board benefits

Enter the total received in 2009 from the following that is not included in line 1:

- Social Security benefits (do not include benefits received by dependents), and
- Railroad Retirement Board benefits.

Include amounts deducted for payments of Medicare premiums.

#### Line 5

##### Additional nontaxable income

Enter your total nontaxable income received in 2009 that is not included on lines 1 through 4. Enter the type(s) of income in the space provided on line 5.

Common examples include:

- **NEW** unemployment compensation (up to \$2,400 per recipient) excluded on your federal return
- workers' compensation benefits
- your contributions to an employee elective deferral plan, such as a 401(k), 403(b), 457 deferred compensation or SIMPLE/SEP plan
- contributions made to a dependent care account (as shown on your W-2 form) and/or medical expense account
- nontaxable employee transit and parking expenses
- veterans' benefits
- nontaxable scholarships, fellowships, grants for education, including those from foreign sources, and tuition reductions
- federal subsidies paid to employers for providing prescription drug coverage for their retirees
- nontaxable pension and annuity payments, including disability payments. However, do not include distributions received from a Roth IRA or any pension or annuity that you funded exclusively, for which your contributions could not be taken as a federal tax deduction.
- lump-sum distribution reported on line 1 of Schedule M1LS
- federally nontaxed interest and mutual fund dividends
- income excluded by a tax treaty
- rent reduction received for being a caretaker
- military or clergy housing allowance
- nontaxable military earned income, such as combat pay
- strike benefits
- employer paid education or adoption expenses
- the gain on the sale of your home excluded from federal income

**Also include on line 5** the following losses and deductions to the extent they reduced federal adjusted gross income:

- tuition and fees, educator expenses, health savings account, domestic production activities, and the Archer MSA deductions
- capital loss carryforward
- net operating loss carryforward/carryback
- current year passive activity losses, including rental losses, in excess of current year passive activity income
- prior year passive activity loss carryforward claimed in 2009 for federal purposes

### Do not include on line 5:

- Minnesota property tax refunds
- child support payments
- a dependent's income, including Social Security
- any state income tax refunds not included on line 1
- the dollar value of food, clothing, food stamps and medical supplies received from government agencies
- payments from life insurance policies
- payments by someone else for your care by a nurse, nursing home or hospital
- fuel assistance payments
- IRA rollovers
- gifts and inheritances
- nontaxable Holocaust settlement payments
- federal stimulus refunds

### Line 6

#### Household income

If your household income on line 6 is more than \$36,980, do not continue. You do not qualify for the Minnesota child and dependent care credit.

### Line 7

#### Credit amount from table

The table for line 7 is on the back of Schedule M1CD. Using the amount on line 6 and the number of qualifying persons (see *Qualifying person* on the front of this sheet), find the credit amount to enter on line 7.

### Lines 10-13

The child and dependent care credit is based on earned income taxable to Minnesota. You must complete lines 10 through 13 to determine the credit amount if you:

- are a part-year resident or nonresident,
- are eligible to claim a subtraction for reservation income, or
- claimed a subtraction for income from operating a qualified business in a Job Opportunity Building Zone.

### Questions? Need forms?

Forms and information are available on our website at [www.taxes.state.mn.us](http://www.taxes.state.mn.us). Or you may order forms anytime by calling 651-296-4444 or 1-800-657-3676.

If you have questions and need to speak to a representative, call 651-296-3781 or 1-800-652-9094. TTY users, call 711 for Minnesota Relay.