

Instructions for Schedule OR-WFHDC-NP

Oregon Working Family Household and Dependent Care Credit for Part-year and Nonresidents

2018



Introduction

The Oregon working family household and dependent care (WFHDC) credit is a refundable credit available to low and middle-income working families with household or dependent care expenses. To qualify, 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 qualified expenses can't exceed \$12,000 for one qualifying individual, or \$24,000 for two or more qualifying individuals; and they can't exceed your earned income if filing as single, or the lesser of each spouse's earned income if filing jointly. This credit is prorated based upon your Oregon percentage, Form OR-40-N or Form OR-40-P, line 35.

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

The WFHDC credit is tied to Internal Revenue Code (IRC) 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 to complete the credit computation. If you don't have access to the internet, contact us. See the "Do you have questions or need help?" section on page 7.

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.

General information

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

1. You must have 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're single and you attended school or if you're married filing jointly and one spouse attended school or was disabled at the time the expenses occurred. Refer to the "Disability" section on page 2 and the "Attending school" section on page 3.

2. Your filing status must be single, head of household, qualifying widow(er), or married filing jointly. If your filing status is married filing separately, see "Married persons filing separately" on page 4.
3. The care must be for one or more qualifying individuals.
4. 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 have been age 19 or older by the end of 2018 and they can't be your dependent.
5. The greater of your federal adjusted gross income (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	\$49,380
3	\$62,340
4	\$75,300
5	\$88,260
6	\$101,220
7	\$114,180
8 or more	\$127,140

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 able to care for themselves 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 able to care for themselves, and you can claim as a dependent, or could claim as a dependent except:
 - a. They had gross income of \$4,150 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 2018 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 2018. 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 two children together who live with them. Each child could be the qualifying individual of the parent claiming the child as a dependent on their return, but not both parents. Each parent may claim only their qualifying individual(s) in their household size calculation. They can’t split the exemption or WFHDC credit amount for each child.

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.

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’re single and you attended school. If you’re married and filing jointly, both of you must be working or looking for work at the time the expenses were incurred for the expenses to qualify. The expenses would also qualify if one spouse is working or looking for work while the other spouse attended school or was disabled.

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 federal 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 only include 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 this amount on line 22.

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 payment or other fees.

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 Publication OR-17 or Schedule OR-A.

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 2018, 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" above 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. 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.

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

- 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 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 fills 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 and look for Revenue Online. You also have the option to mail or fax your documents. Follow the instructions included in the letter requesting the information.

Attending school

In certain situations, qualified expenses may be claimed while you or your spouse attend school. A school doesn't include an on-the-job training course, correspondence school, training center, or a school offering courses only through the internet.

Married Students. If you're married, attending school means either you or your spouse were enrolled as a full-time student at a school for some part of each of five calendar months during the year. The months don't need to be consecutive. Only one spouse can qualify as a student each month. The other spouse must be working or looking for work.

Non-married Students. If you're not married, attending school means you were either enrolled as a part-time or a full-time student at a school for some part of each of five calendar months during the year. The months don't need to be consecutive.

Earned income

Earned income for figuring the WFHDC credit includes the amounts reported from federal Form 2441, lines 4 and 5 that are taxable to Oregon. If you did not qualify for the federal credit because of your non-taxable dependent care benefits, your earned income includes the amounts from Form 2441, lines 18 and 19 that are taxable to Oregon.

Earned income that is taxable to Oregon includes:

- Part-year residents—all amounts you earned while an Oregon resident and any amounts you earned working in Oregon while you were a nonresident.
- Nonresidents—all amounts you earned while working in Oregon.

If you're married filing jointly and either you or your spouse attended school full-time or were disabled, you may count \$250 (\$500 if two or more qualifying individuals were cared for) per month toward earned income for each month or portion of a month the qualifications for being disabled or attending school are met. These amounts are already included in Form 2441, lines 4 and 5 or lines 18 and 19. Only one spouse may qualify as attending school full-time or being disabled each month.

Note: Non-married taxpayers who attend school or who are disabled cannot include the \$250/\$500 amount in earned income.

Your earned income must be greater than \$0 to claim this credit.

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 2018;
- Your home was a qualifying individual's main home for more than half of 2018; and
- You paid more than half of the cost of keeping up that home for 2018.

See federal 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 unable to care for himself.

Andrew can't claim Logan as a dependent because Logan's gross income is more than \$4,150. 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 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, paid care expenses while attending school. We may request a copy of your school records. For requirements, see "Attending school" in the definitions 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 per month. The other spouse must be working or looking for work. We may request proof of the disability. For requirements, see "Disability" in the definitions 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

Lines 1–6. Provider's full name and complete address. Enter the care provider's information.

If you have more than five providers, fill out and include an additional page 1 of Schedule OR-WFHDC-NP. Add the total from the additional page onto line 6 of the original page 1.

Provider's SSN or FEIN. You must include your provider's SSN, FEIN, or ITIN. Enter the SSN or ITIN in the "Provider's SSN" box or enter the 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, keep federal Form W-10 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.

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.

Amount you paid to provider. Enter the total amount of qualified expenses (see page 2) **you** paid in 2018 to the provider. Don't include amounts someone else paid for you.

Section 2—Qualifying individuals

Lines 7–14. 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 eight qualifying individuals, fill out and include an additional page 2 of Schedule OR-WFHDC-NP. Add the total from the additional page onto line 15 of the original page 2.

Expenses paid—Column (a). Enter the total amount of expenses paid for each qualifying individual in column (a). Include all expenses that would be considered a qualified expense even if you didn't pay for them yourself.

Column (b). 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.

Column (c). 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. The maximum amount of expenses that will be allowed on line 21 is \$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 qualifying 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 qualifying expenses. Lois will enter \$5,000 in column (a) for the total expenses. She will enter \$0 in column (b) and \$5,000 in column (c) 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 actually paid herself. Thalia will enter \$7,200 (\$600 x 12) in column (a) for the total expenses paid. She will enter \$5,400 (\$450 x 12) in column (b) for the state assistance that was paid on her behalf. She will enter \$1,800 (\$150 x 12) in column (c) 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 a brain tumor; she is 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.

On line 7, Wally and Donna will enter \$5,400 (\$450 x 12) in columns (a) and (c) for Amy's care. On line 8, they will enter \$3,600 (\$300 x 12) in columns (a) and (c) for Jim's care. On line 9, they will enter \$9,600 (\$800 x 12) in columns (a) and (c) for Donna's care. For their total qualified expense on line 15, they will enter \$18,600 (\$5,400 + \$3,600 + \$9,600) in columns (a) and (c).

If you paid for the expenses in a different year than the care was provided, claim the credit in the later year in which the 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 2017 for care provided in 2018, claim the expenses in 2018.
- If the expenses were paid in 2018 for care provided in 2017, see the instructions for line 31. (on page 7).
- If the expenses were paid in 2018 for care provided in 2019, claim the expenses in 2019.

- If the expenses were paid in 2019 for care provided in 2018, claim the expenses in 2019.

Example 9. In December 2018, Jayne pays for the care of her disabled mother, who qualifies as her dependent, for the services that will be provided in January 2019. Jayne may only claim these expenses in 2019, the later of the years in which the expenses are paid or the services are performed.

Line 15. Enter the totals of each column from lines 7–14. The amount shown on line 15, column (c) must match the amount shown on line 6.

Section 3—Household size calculation

Lines 16–20. Generally, your household size is the number of people who qualify as your dependent and can be claimed as an exemption on your 2018 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 \$4,150 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 2018 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 19. 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 2018. 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 (age 6) and Nicolas (age 15 and also disabled). 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 16 and “1” on line 17, for a total of “3” on lines 18 and 20.

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 16, 18, and 20.

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 16 and 18 and “2” on line 19 for a total of “5” on line 20.

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 21. If you’re claiming one qualifying individual, enter \$12,000. If you’re claiming two or more qualifying individuals, enter \$24,000.

Line 22. 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 21, you can’t claim this credit.

Lines 25 and 26. If filing jointly, figure your and your spouse’s earned income separately. On line 25, enter your earned income as reported on federal Form 2441, line 4 that is taxable to Oregon. 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 that is taxable to Oregon. Don’t enter an amount less than zero.

If filing jointly, enter your spouse’s earned income from federal Form 2441, line 5, that is taxable to Oregon on line 26. 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 that is taxable to Oregon. Don’t enter an amount less than zero. If you aren’t filing jointly, enter the amount from line 25 on line 26 also.

Line 28. Internet access required. Your credit percentage is based upon your household size (line 20), your adjusted gross income (Form OR-40-N or Form OR-40-P, Lines 29F and 29S), and the birthdate of your youngest qualifying individual. To determine this percentage, use the WFHDC online calculator available at www.oregon.gov/dor/personal under “Resources.” On the right side of the webpage, select “Calculate Your Percentage,” which will take you to the Revenue Online homepage. From there, select “WFHDC Calculator” under “Individuals.” If you need help or don’t have online access, call us at the number listed below.

Line 30. Multiply the amount on line 29 by your Oregon percentage (Form OR-40-N or Form OR-40-P, line 35). The amount on line 30 will never be more than the amount listed on line 29.

Line 31. If you had qualified expenses for 2017 that you didn’t pay until 2018, you may be able to increase the amount of credit you can take in 2018. To determine your eligibility, go to our website and complete Worksheet OR-WFHDC, then enter the result on line 31. Keep Worksheet OR-WFHDC with your records.

Example 14. In 2017, Jan and Steve were part-year Oregon residents. They had child-care expenses of \$4,600 for their disabled 10-year old child. Of the \$4,600, they paid \$4,000 in 2017 and \$600 in 2018. Their 2017 federal adjusted gross income was \$50,000 and their 2017 Oregon adjusted gross income was \$40,000. Steve’s earned income of \$20,000 was less than Jan’s earned income. Their 2017 WFHDC percentage was 0.15 (15 percent), and their credit was multiplied by their Oregon percentage of 0.8 (80 percent). A credit for their 2017 expenses paid in 2018 isn’t allowed in 2017. It is allowed for the 2018 tax year, but they must use their 2017 WFHDC percentage, their 2017 Oregon percentage, and 2017 adjusted gross income to compute the amount.

Jan and Steve will enter \$72 ($\$600 \times 0.15 \times 0.8$) on line 15 of Worksheet OR-WFHDC and on line 31 of Schedule OR-WFHDC-NP.

Line 32. Add lines 30 and 31. This is your WFHDC credit amount. Enter the result on Schedule OR-ASC-NP, Section 7, 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 the *Due Diligence Checklist for Claiming the Working Family Household and Dependent Care Credit*. This checklist can be found at www.oregon.gov/dor/forms. You’re 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:

- Oregon *Due Diligence Checklist for Claiming the Working Family Household and Dependent Care Credit (WFHDC)*.
- 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
(503) 378-4988 or (800) 356-4222
questions.dor@oregon.gov

Contact us for ADA accommodations or assistance in other languages.

The working family household and dependent care (WFHDC) credit is calculated by multiplying qualified expenses by a certain percentage. The percentage represents multiple variables:

- The household size (variable 1);
- The taxpayer's federal or Oregon adjusted gross income (AGI), whichever is greater, in relation to the federal poverty level for the household size (variable 2);
- The age of the household's youngest qualifying individual as of January 1 of the tax year (variable 3); and
- In some cases, whether the youngest qualifying individual is disabled (part of variable 3).

Due to the complexity in calculating the percentage, an online calculator is available at www.oregon.gov/dor/personal, under "Resources." On the right, select "Calculate Your Percentage," which will take you to the Revenue Online homepage. From there, select "WFHDC Calculator" under "Individuals."

For complete instructions for claiming the WFHDC credit, refer to Schedule OR-WFHDC or Schedule OR-WFHDC-NP.

The following tables may be used as a manual method for determining the percentage. Doing so requires two tables:

- Household size tables, part A.
- Percentage table, part B.

Household size tables, part A. These tables represent variables (1) and (2), above. For purposes of this credit, household sizes range from two to eight. A taxpayer with a household size of one doesn't qualify for this credit. A taxpayer with a household size of nine or more uses the same table as for a household size of eight.

Each row has a dollar amount range for AGI and ends with a letter of the alphabet from A through Y. These letters correspond to the rows in the percentage table.

Percentage table, part B. This table combines variable (3) with the corresponding letter from the household size tables. Refer to the instructions in Schedule OR-WFHDC or Schedule OR-WFHDC-NP to determine household size and age of the youngest qualifying individual.

Instructions

1. Locate the appropriate household size table in part A.
2. Locate the row with the dollar range that matches the greater of the taxpayer's federal or Oregon AGI.
3. Note the corresponding letter (A through Y) in the right-hand column of the correct row.
4. Using this letter, locate the corresponding row in the percentage table in part B.
5. Use the column headings to locate the column that corresponds to the age of the taxpayer's youngest qualifying individual. Follow this column down to the row with the corresponding letter from part A. This is the taxpayer's percentage.
6. The taxpayer will enter this as a decimal on line 28 of Schedule OR-WFHDC or Schedule OR-WFHDC-NP.

Example 1: Dan and Ashley have a household size of five. Their youngest qualifying individual is four years old on January 1 of the tax year. Their AGI is \$52,000. Using the "Household size = 5" table in part A, locate their AGI range on the row ending with the letter P. Next, find row P in the Percentage table in part B and use the column for individuals who are at least three years old but not yet six years old. Their WFHDC percentage is 45 percent, so they will enter 0.45 on line 28 of their Schedule OR-WFHDC.

Example 2: Gary has a household size of 10. His youngest qualifying individual is 15 years old on January 1 of the tax year and has a disability. Gary's AGI is \$105,000. Using the "Household size = 8" table in part A, find his AGI range on the row ending with the letter U. Next, find row U in the Percentage table and use the column for disabled individuals who are at 'At least age 13, but under age 18.' His WFHDC percentage is 15 percent, so he will enter 0.15 on line 28 of his Schedule OR-WFHDC.

Do you have questions or need help?

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

Contact us for ADA accommodations or assistance in other languages.

WFHDC tables—Tax year 2018

Part A: Household size tables

Household size = 2			
If your federal or Oregon AGI is:			Use this row:
Greater than—	–	Less than or equal to—	
\$0	–	\$1,646	A
\$1,646	–	\$3,292	B
\$3,292	–	\$4,938	C
\$4,938	–	\$6,584	D
\$6,584	–	\$8,230	E
\$8,230	–	\$9,876	F
\$9,876	–	\$11,522	G
\$11,522	–	\$13,168	H
\$13,168	–	\$14,814	I
\$14,814	–	\$18,106	J
\$18,106	–	\$19,752	K
\$19,752	–	\$21,398	L
\$21,398	–	\$23,044	M
\$23,044	–	\$24,690	N
\$24,690	–	\$26,336	O
\$26,336	–	\$32,920	P
\$32,920	–	\$34,566	Q
\$34,566	–	\$36,212	R
\$36,212	–	\$37,858	S
\$37,858	–	\$39,504	T
\$39,504	–	\$41,150	U
\$41,150	–	\$42,796	V
\$42,796	–	\$46,088	W
\$46,088	–	\$49,380	X
\$49,380			Y

Household size = 3			
If your federal or Oregon AGI is:			Use this row:
Greater than—	–	Less than or equal to—	
\$0	–	\$2,078	A
\$2,078	–	\$4,156	B
\$4,156	–	\$6,234	C
\$6,234	–	\$8,312	D
\$8,312	–	\$10,390	E
\$10,390	–	\$12,468	F
\$12,468	–	\$14,546	G
\$14,546	–	\$16,624	H
\$16,624	–	\$18,702	I
\$18,702	–	\$22,858	J
\$22,858	–	\$24,936	K
\$24,936	–	\$27,014	L
\$27,014	–	\$29,092	M
\$29,092	–	\$31,170	N
\$31,170	–	\$33,248	O
\$33,248	–	\$41,560	P
\$41,560	–	\$43,638	Q
\$43,638	–	\$45,716	R
\$45,716	–	\$47,794	S
\$47,794	–	\$49,872	T
\$49,872	–	\$51,950	U
\$51,950	–	\$54,028	V
\$54,028	–	\$58,184	W
\$58,184	–	\$62,340	X
\$62,340			Y

WFHDC tables—Tax year 2018

Part A: Household size tables

Household size = 4			
If your federal or Oregon AGI is:			Use this row:
Greater than—	–	Less than or equal to—	
\$0	–	\$2,510	A
\$2,510	–	\$5,020	B
\$5,020	–	\$7,530	C
\$7,530	–	\$10,040	D
\$10,040	–	\$12,550	E
\$12,550	–	\$15,060	F
\$15,060	–	\$17,570	G
\$17,570	–	\$20,080	H
\$20,080	–	\$22,590	I
\$22,590	–	\$27,610	J
\$27,610	–	\$30,120	K
\$30,120	–	\$32,630	L
\$32,630	–	\$35,140	M
\$35,140	–	\$37,650	N
\$37,650	–	\$40,160	O
\$40,160	–	\$50,200	P
\$50,200	–	\$52,710	Q
\$52,710	–	\$55,220	R
\$55,220	–	\$57,730	S
\$57,730	–	\$60,240	T
\$60,240	–	\$62,750	U
\$62,750	–	\$65,260	V
\$65,260	–	\$70,280	W
\$70,280	–	\$75,300	X
\$75,300			Y

Household size = 5			
If your federal or Oregon AGI is:			Use this row:
Greater than—	–	Less than or equal to—	
\$0	–	\$2,942	A
\$2,942	–	\$5,884	B
\$5,884	–	\$8,826	C
\$8,826	–	\$11,768	D
\$11,768	–	\$14,710	E
\$14,710	–	\$17,652	F
\$17,652	–	\$20,594	G
\$20,594	–	\$23,536	H
\$23,536	–	\$26,478	I
\$26,478	–	\$32,362	J
\$32,362	–	\$35,304	K
\$35,304	–	\$38,246	L
\$38,246	–	\$41,188	M
\$41,188	–	\$44,130	N
\$44,130	–	\$47,072	O
\$47,072	–	\$58,840	P
\$58,840	–	\$61,782	Q
\$61,782	–	\$64,724	R
\$64,724	–	\$67,666	S
\$67,666	–	\$70,608	T
\$70,608	–	\$73,550	U
\$73,550	–	\$76,492	V
\$76,492	–	\$82,376	W
\$82,376	–	\$88,260	X
\$88,260			Y

WFHDC tables—Tax year 2018

Part A: Household size tables

Household size = 6			
If your federal or Oregon AGI is:			Use this row:
Greater than—	–	Less than or equal to—	
\$0	–	\$3,374	A
\$3,374	–	\$6,748	B
\$6,748	–	\$10,122	C
\$10,122	–	\$13,496	D
\$13,496	–	\$16,870	E
\$16,870	–	\$20,244	F
\$20,244	–	\$23,618	G
\$23,618	–	\$26,992	H
\$26,992	–	\$30,366	I
\$30,366	–	\$37,114	J
\$37,114	–	\$40,488	K
\$40,488	–	\$43,862	L
\$43,862	–	\$47,236	M
\$47,236	–	\$50,610	N
\$50,610	–	\$53,984	O
\$53,984	–	\$67,480	P
\$67,480	–	\$70,854	Q
\$70,854	–	\$74,228	R
\$74,228	–	\$77,602	S
\$77,602	–	\$80,976	T
\$80,976	–	\$84,350	U
\$84,350	–	\$87,724	V
\$87,724	–	\$94,472	W
\$94,472	–	\$101,220	X
\$101,220			Y

Household size = 7			
If your federal or Oregon AGI is:			Use this row:
Greater than—	–	Less than or equal to—	
\$0	–	\$3,806	A
\$3,806	–	\$7,612	B
\$7,612	–	\$11,418	C
\$11,418	–	\$15,224	D
\$15,224	–	\$19,030	E
\$19,030	–	\$22,836	F
\$22,836	–	\$26,642	G
\$26,642	–	\$30,448	H
\$30,448	–	\$34,254	I
\$34,254	–	\$41,866	J
\$41,866	–	\$45,672	K
\$45,672	–	\$49,478	L
\$49,478	–	\$53,284	M
\$53,284	–	\$57,090	N
\$57,090	–	\$60,896	O
\$60,896	–	\$76,120	P
\$76,120	–	\$79,926	Q
\$79,926	–	\$83,732	R
\$83,732	–	\$87,538	S
\$87,538	–	\$91,344	T
\$91,344	–	\$95,150	U
\$95,150	–	\$98,956	V
\$98,956	–	\$106,568	W
\$106,568	–	\$114,180	X
\$114,180			Y

WFHDC tables—Tax year 2018

Part A: Household size tables

Household size = 8			
If your federal or Oregon AGI is: Greater than—	–	Less than or equal to—	Use this row:
\$0	–	\$4,238	A
\$4,238	–	\$8,476	B
\$8,476	–	\$12,714	C
\$12,714	–	\$16,952	D
\$16,952	–	\$21,190	E
\$21,190	–	\$25,428	F
\$25,428	–	\$29,666	G
\$29,666	–	\$33,904	H
\$33,904	–	\$38,142	I
\$38,142	–	\$46,618	J
\$46,618	–	\$50,856	K
\$50,856	–	\$55,094	L
\$55,094	–	\$59,332	M
\$59,332	–	\$63,570	N
\$63,570	–	\$67,808	O
\$67,808	–	\$84,760	P
\$84,760	–	\$88,998	Q
\$88,998	–	\$93,236	R
\$93,236	–	\$97,474	S
\$97,474	–	\$101,712	T
\$101,712	–	\$105,950	U
\$105,950	–	\$110,188	V
\$110,188	–	\$118,664	W
\$118,664	–	\$127,140	X
\$127,140			Y

WFHDC tables—Tax year 2018

Part B: Percentage table

As of January 1 of the tax year, if your youngest qualifying individual is:					
	<i>All individuals</i>			<i>Disabled individuals only</i>	
	Under age 3—	At least age 3, but under age 6—	At least age 6, but under age 13—	At least age 13, but under age 18—	Age 18 or older—
Your percentage is:					
A	10%	8%	5%	5%	5%
B	20%	18%	15%	15%	5%
C	30%	28%	25%	25%	10%
D	40%	38%	35%	35%	20%
E	50%	48%	45%	45%	30%
F	55%	53%	50%	50%	35%
G	60%	58%	55%	55%	40%
H	65%	63%	60%	60%	45%
I	70%	68%	65%	65%	50%
J	75%	73%	70%	70%	55%
K	71%	69%	66%	66%	50%
L	66%	64%	61%	61%	45%
M	61%	59%	56%	56%	39%
N	55%	53%	50%	50%	33%
O	50%	48%	45%	45%	28%
P	47%	45%	42%	42%	25%
Q	45%	43%	40%	40%	22%
R	40%	38%	35%	35%	20%
S	35%	33%	30%	30%	15%
T	30%	28%	25%	25%	10%
U	20%	18%	15%	15%	5%
V	10%	8%	5%	5%	5%
W	6%	6%	4%	4%	4%
X	4%	4%	4%	4%	4%
Y	0%	0%	0%	0%	0%

Working Family Household and Dependent Care Expenses Credit - tables for applicable percentages (ORS 315.264(2)) - Tax Year 2018

2018 POVERTY GUIDELINES FOR THE 48 CONTIGUOUS STATES AND THE DISTRICT OF COLUMBIA

Persons in family/household	Poverty guideline
1	\$12,140
2	\$16,460
3	\$20,780
4	\$25,100
5	\$29,420
6	\$33,740
7	\$38,060
8	\$42,380

<https://aspe.hhs.gov/poverty-guidelines>

For WFHDC the applicable percentage for a household in excess of eight members shall be calculated as if for a household size of eight members. (ORS 315.264(3))

Form OR-PS

Page 1 of 2, 150-101-190 (Rev. 01-19)
Version 2

Oregon Department of Revenue



Office use only

Care Provider Statement

Submit original form—do not submit photocopy

Taxpayer's first name	Taxpayer's last name	Letter ID	Tax year <input type="text"/>
Spouse's first name	Spouse's last name		

Provider's full name

Provider's Social Security number (SSN), or federal employer identification number (FEIN)
 - - |

Part 1: Dependents. Complete this section for care you provided to the dependents of the taxpayer(s) during the tax year above. Third party payments are payments made from other sources than the taxpayer(s), including payments from Department of Human Services or individuals not listed above.

Dependent's name	Dependent's age			
	Total payments received for this dependent.	Total payments received from a third party.	Total payments received from the taxpayer(s).	
	<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>	

Dependent's name	Dependent's age			
	Total payments received for this dependent.	Total payments received from a third party.	Total payments received from the taxpayer(s).	
	<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>	

Dependent's name	Dependent's age			
	Total payments received for this dependent.	Total payments received from a third party.	Total payments received from the taxpayer(s).	
	<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>	

Dependent's name	Dependent's age			
	Total payments received for this dependent.	Total payments received from a third party.	Total payments received from the taxpayer(s).	
	<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>	

Dependent's name	Dependent's age			
	Total payments received for this dependent.	Total payments received from a third party.	Total payments received from the taxpayer(s).	
	<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>	

Dependent's name	Dependent's age			
	Total payments received for this dependent.	Total payments received from a third party.	Total payments received from the taxpayer(s).	
	<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>	

Totals

Form OR-PS



Taxpayer's first name	Taxpayer's last name	Letter ID
Provider's full name		

Part 2: Additional Information. Complete this section for care you provided to the taxpayer's dependent(s) during the tax year.

1. How often did the taxpayer(s) pay you? Monthly Weekly Biweekly Other (explain below) _____

2. How did the taxpayer(s) pay you? Cash Check Electronically Money Order
 Other (explain) _____

3. If a third party paid you on the taxpayer's behalf, who paid you? _____

4. Did you provide the taxpayer with a receipt every time you were paid? Yes No If no, why not? _____

5. Are you related to the dependent(s)? Yes No If yes, what is your relationship? _____

6. Did you provide care for dependents of other clients? Yes No

Part 3: Documentation and declaration. Attach **all** of the following required information:

- ✓ A detailed year-end summary for each of the dependents listed in Part 1, showing:
 - ✓ The amounts you were paid by the taxpayer(s) or others, indicating who made each payment;
 - ✓ The dates the payments were made;
 - ✓ The individual amounts you charged for care, other services, other costs, or late fees; and
 - ✓ The amounts of any refunds or discounts given.
- ✓ The total hours per month and the typical days and times the dependents were in your care.
- ✓ A copy of the front and back of your driver license or government-issued ID, if you are an individual operating outside of a facility.

Provider declaration

Under penalties of false swearing, I declare that the information I have provided is, to the best of my knowledge and belief, true, correct, and complete. I understand that the above income is considered taxable income. If I filed a return and didn't include this income, my return may be adjusted. I also understand that if I didn't file a return, a Notice of Assessment may be issued for failing to file.

Printed name of provider		Facility name	
Signature X		Date / /	
Address where services are provided		Daytime phone () -	
City	State	ZIP code	

— Return the completed form and supporting documentation to the taxpayer. —

If you'd like to submit the completed form and additional information, indicated in Part 3, provide a copy to the taxpayer and mail the original form(s) to us at:

Oregon Department of Revenue
 Attn: Appeals, Discovery and Processing Unit
 PO Box 14999
 Salem OR 97309-0090

Introduction

Form OR-PS, *Care Provider Statement* is used to meet record-keeping requirements for the working family household and dependent care (WFHDC) credit and the previous working family child care (WFC) credit for tax years 2015 and earlier. All references to WFHDC credit also apply to the WFC credit. The statement lists detailed information regarding the care that was provided for the taxpayer's dependents.

The *Care Provider Statement* is commonly requested by us when the WFHDC credit is claimed. If requested, the statement will be mailed to the taxpayer to complete; however, if the statement is lost or not received, taxpayers may request their provider fill out the statement on our website.

Instructions for taxpayers

Complete the first lines of the form by entering your name (and your spouse's, if married filing jointly).

Enter the Letter ID from the letter you received from us requesting the *Care Provider Statement*. The Letter ID can be found on the top of the letter; it's an 11-digit code starting with "L." If you don't have a Letter ID, write the last four digits of your (and your spouse's) SSN instead.

Enter the tax year that you claimed the credit.

Your provider will complete the rest of the form. If you have more than one provider, copy or print a separate *Care Provider Statement* for each provider.

Give the *Care Provider Statement* to each provider to complete. Either your provider will return the original to you to submit to us, or they will submit the statement to us and give you a copy.

If we have requested proof for this credit, you have 30 days from the date of our letter to provide the requested information. Include the required supporting documentation from Part 3.

The *Care Provider Statement* alone is not sufficient proof. Without the supporting documentation, your WFHDC credit may take longer to process and may be adjusted or denied.

If your provider completed the statement and returned it to you, submit it to us with any other supporting documentation we requested. Keep a copy for your records.

If you can't obtain a statement from your provider, you may submit legible proof of payments and receipts for those payments as described in our letter.

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

Proof of qualifying individual's care expenses

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.

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

- 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, ITIN, or FEIN.
- Method of payment (check, money order, cash, etc.)

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

Care provider information

Provide the following information about your care provider:

- Name.
- Tax identification number (SSN, ITIN, or FEIN).
- Phone number.
- Address.

Instructions for care providers

Enter your name and SSN or FEIN. If you don't have an SSN or FEIN, enter your individual tax identification number (ITIN) in the SSN box. Complete Parts 1 and 2, then gather and attach the information for Part 3.

For each dependent in **Part 1**, list:

- Their name and age.
- Total payments you received for them.
- Total payments you received from sources other than the taxpayer(s).
- Total payments you received from the taxpayer(s).

Example: Jane is the taxpayer listed at the top of Form OR-PS. You received \$6,000 to care for Jane's son. Jane paid \$2,000. The remaining \$4,000 came from the Department of Human

Services and the child's father. You will enter \$6,000 in the total box, \$4,000 in the box for third party payments, and \$2,000 in the box for payments from the taxpayer.

If you provided care for more than six of the taxpayer's dependents, complete additional forms as needed.

Once you have completed the statement, return it **and the supporting documentation from Part 3** to the taxpayer as soon as possible. They have 30 days to submit the information to us once it has been requested.

You may also send the statement and supporting documentation to us directly. If you'd like to submit the completed form(s) and additional information, provide a copy to the taxpayer and mail the original form(s) to us at:

Oregon Department of Revenue
Attn: Appeals, Discovery and Processing Unit
PO Box 14999
Salem OR 97309-0090

Do you have questions or need help?

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

Contact us for ADA accommodations or assistance in other languages.