

2013 Schedule M1CD, Child and Dependent Care Credit

Sequence #5

The instructions for this schedule are on a separate sheet.

Filing Information

Your First Name and Initial Last Name Social Security Number

Children or other qualifying persons for whom you are claiming this credit (see instructions for definition of qualifying person): Name Birth Date (mmdyyyy) Social Security Number

Persons or organizations who provided the care: Name Amount paid Social Security Number (or federal business ID number)

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 2013.

All Applicants

Round amounts to the nearest whole dollar.

- 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, SEP or SIMPLE plan (add lines 28 and 32 of Form 1040 or line 17 of Form 1040A) 3
4 Total payments from programs 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 - such as contributions to a 401(k) or deferred compensation plan - that you must include (see instructions). 5
6 Household income. Add lines 1 through 5 (if result is zero or less, enter 0) 6
7 Credit amount (from the table on page 2 of this form) 7
8 Enter line 6 of your federal schedule 2441, but not more than \$2,400 for one child or \$4,800 for two or more children. 8
9 Federal adjusted gross income (from line 37 of federal Form 1040, line 21 of Form 1040A, or line 4 of Form 1040EZ) 9
10 Enter the decimal amount that applies to your federal adjusted gross income (see page 2 of this form) 10
11 Multiply line 8 by line 10, enter the result 11
12 Amount from line 7 or line 11, whichever is less. Enter the result here and on line 25 of Form M1. 12

Part-Year Residents, Nonresidents, American Indians Living on a Reservation and Taxpayers with JOBZ Business Income

- 13 If you are married add lines 4 and 5 of federal Form 2441. If you are single enter line 4 of Form 2441 13
14 Portion of the amount on line 13 that is taxable to Minnesota 14
15 Divide Line 14 by line 13. Enter the result as a decimal (carry to five decimal places) 15
16 Multiply line 12 by line 15. Enter the result here and on line 25 of Form M1 16

Include this schedule and a copy of your federal Form 2441 with your Form M1. Enter the number of qualifying persons in the box provided on line 25 on Form M1.

All Applicants

P/Y, Nonresidents, American Indians, JOBZ

2013 M1CD, page 2

Table for Line 7

If line 6 of Schedule M1CD is:		and you have:	
over	but not over —	one qualifying person	two or more qualifying persons
		<i>the credit amount for line 7 is</i>	
\$0	\$24,920	\$720	\$1,440
24,920	25,270	702	1,404
25,270	25,620	684	1,368
25,620	25,970	666	1,332
25,970	26,320	648	1,296
26,320	26,670	630	1,260
26,670	27,020	612	1,224
27,020	27,370	594	1,188
27,370	27,720	576	1,152
27,720	28,070	558	1,116
28,070	28,420	540	1,080
28,420	28,770	522	1,044
28,770	29,120	504	1,008
29,120	29,470	486	972
29,470	29,820	468	936
29,820	30,170	450	900
30,170	30,520	432	864
30,520	30,870	414	828
30,870	31,220	396	792
31,220	31,570	378	756
31,570	31,920	360	720
31,920	32,270	342	684
32,270	32,620	324	648
32,620	32,970	306	612
32,970	33,320	288	576
33,320	33,670	270	540
33,670	34,020	252	504
34,020	34,370	234	468
34,370	34,720	216	432
34,720	35,070	198	396
35,070	35,420	180	360
35,420	35,770	162	324
35,770	36,120	144	288
36,120	36,470	126	252
36,470	36,820	108	216
36,820	37,170	90	180
37,170	37,520	72	144
37,520	37,870	54	108
37,870	38,220	36	72
38,220	38,570	18	36
38,570	and over	not eligible	

Table for Line 10

If line 9 of Schedule M1CD is:		Enter on line 10
over	but not over —	
\$0	\$10,000	0.30
10,000	12,000	0.29
12,000	14,000	0.28
14,000	16,000	0.27
16,000	18,000	0.26
18,000	20,000	0.25
20,000	22,000	0.24
22,000	24,000	0.23
24,000	26,000	0.22
26,000	28,000	0.21
28,000	No limit	0.20

2013 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 2013* (on this page) and *Operators of Licensed Family Day Care Homes* (on the next page).

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

- your household income is \$38,570 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 2013 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 2013, 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 credit, you will be assessed a penalty equal to 50 percent of the fraudulently claimed credit.

You Must Have Proof

Save canceled checks and/or keep a detailed record of your payments for child and dependent care expenses. The 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 2013

A married couple filing a joint return and having a child born in 2013 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 \$2,400 of qualified expenses (even if your actual expenses were less than \$2,400) or the couple's *combined* earned income, whichever is smaller.

If your child care expenses for the child born in 2013 are less than \$2,400, complete the worksheet below to determine your credit.

Worksheet for Child Born in 2013

1	Enter the amount from line 4 of Form 2441	1	_____
2	Enter the amount from line 5 of Form 2441	2	_____
3	Add steps 1 and 2	3	_____
4	Determine the amount to enter on line 8 of Schedule M1CD as follows:		
	a. For the child born in 2013, enter the smaller of:		
	1) \$2,400 or \$4,800 for two children born in 2013; or		
	2) the amount from step 3	4a	_____
	b. If you had another child (or children) born before January 1, 2013; enter the smallest of:		
	1) your actual qualified child care expenses paid for them;		
	2) amount on step 1; or		
	3) amount on step 2.	4b	_____
	c. Enter the smaller of:		
	1) the total of steps 4a and 4b above; or		
	2) \$4,800	4c	_____
5	Enter the amount from step 4c above on Schedule M1CD line 8	5	_____
6	Place an X in the appropriate box above line 1 of Schedule M1CD.		

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 2013. If the child was 16 months or younger at the end of 2013, the credit is based on \$2,400 of qualified expenses (\$4,800 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 2013 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 2013 federal return, obtain a federal return and instructions to determine what your federal adjusted gross income would have been.

Line 5

Additional Nontaxable Income

Enter your total nontaxable income received in 2013 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:

- employer paid education or adoption expenses
- 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 waivers or reductions
- 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 MILS
- 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
- 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 your federal adjusted gross income:

- tuition and fees deduction
- educator expenses deduction
- health savings account, domestic production activities and the Archer MSA deductions
- capital loss carryforward
- net operating loss carryforward/carryback
- the amount of a passive activity loss that is not disallowed as a result of section 469, paragraph (i) or (m) of the Internal Revenue Code and the amount of passive activity loss carryover allowed under section 469(b) of the Internal Revenue Code
- prior year passive activity loss carryforward claimed in 2012 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

Line 6

Household Income

If your household income on line 6 is more than \$38,570, do not continue. You do not qualify for the Minnesota Child and Dependent Care Credit.

Line 7

Credit Amount

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 amount to enter on line 7.

Questions? Need forms?

Forms and information are available on our website at www.revenue.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. Send us an email at Individual.incometax@state.mn.us.