

2025 Schedule M1CD, page 2



Part 3 — Dependent Care Benefits

- 14 Enter the total amounts of dependent care benefits you received in 2025 (see instructions) 14 ■ _____
- 15 Enter the amount of benefits you carried over from 2024 and used in 2025 (see instructions) 15 ■ _____
- 16 Enter the amount you forfeited or carried forward to 2026 as a negative amount (see instructions) 16 ■ _____
- 17 Combine lines 14 through 16 17 ■ _____
- 18 Enter the total amount of qualified expenses incurred in 2025 for the care of the qualifying person(s) 18 ■ _____
- 19 Enter the smaller of line 17 or 18 19 ■ _____
- 20 Enter your earned income (see instructions) 20 ■ _____
- 21 Enter the amount from the instructions based on your filing status (see instructions) 21 ■ _____
- 22 Enter the smallest of lines 19, 20, or 21 22 ■ _____
- 23 Enter \$5,000 (\$2,500 if Married Filing Separately and you were required to enter your spouse's earned income on line 21) 23 ■ _____
- 24 Enter the total amount from line 14 and line 15 that was from your sole proprietorship or partnership. 24 ■ _____
If you entered an amount on line 24, **check this box:**
- 25 Subtract line 24 from line 17. 25 _____
- 26 **Deductible benefits:** Enter the smaller of line 22, 23, or 24. 26 ■ _____
- 27 **Excluded benefits:** If you did not check the box on line 24, enter the smaller of line 22 or line 23. Otherwise, subtract line 26 from the smaller of line 22 or line 23. If zero or less, enter 0 27 ■ _____

Part 4 — Complete lines 28 through 32 to claim the child and dependent care credit in Part 2

- 28 Enter \$3,000 (\$6,000 if two or more qualifying persons) 28 ■ _____
- 29 Add lines 26 and 27 29 _____
- 30 Subtract line 29 from 28. If zero or less, STOP HERE. You do not qualify. If you paid 2024 expenses in 2025, see the instructions for line 7. 30 ■ _____
- 31 Complete the Table 2 for expenses of qualifying persons on page 1. Do not include any amount in qualifying expenses in column (d) which are included on line 29. Enter the total of column d on line 31 31 ■ _____
- 32 Enter the smaller of line 30 or 31. Also, enter this amount on line 1 to claim the Dependent Care Credit in Part 2. 32 ■ _____

Include this schedule with your Form M1.



2025 Schedule M1CD Instructions

What is the purpose of this form?

If you paid someone to care for your child or other qualifying person so you (and your spouse, if filing jointly) could work or look for work in 2025, you may claim the credit for dependent care expenses.

Am I eligible?

If you (and your spouse, if filing a joint return) received earned income, you may be eligible for a credit based on your qualified expenses. You must have documentation showing the expenses you paid for one or both of these:

- Someone to care for your child or other qualifying person
- Someone for household services

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

- Your filing status may be Single, Head of Household, Qualifying Surviving Spouse with dependent child, or Married Filing Jointly. If you are Married Filing Separately, see “Married persons filing separately.”
- Your adjusted gross income is less than \$76,150 with one qualifying person or \$88,150 with two or more.
- The care was provided so you (and your spouse, if filing jointly) could work or look for work. If you did not find a job and have no earned income for the year, you cannot take the credit.
- The care must be for one or more qualifying persons.
- The person who provided the care was not your spouse, the parent of your qualifying child, or a person you could claim as a dependent. If your child provided the care, they must have been age 19 or older by the end of 2025, and they cannot be your dependent.
- You report the required information about the care provider and the information about the qualifying person in Table 1 and Table 2.

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

If you are a part-year or nonresident, you may be eligible for this credit based on your percentage of earned income taxable to Minnesota.

Married Persons Filing Separately

Generally, married persons filing separately must file a joint return to claim the credit. If your filing status is married Filing Separately and all of these, you are considered unmarried for purposes of claiming the credit.

- You lived apart from your spouse during the last 6 months of 2025.
- Your home was the qualifying person’s main home for more than half of 2025.
- You paid more than half of the cost of keeping up that home for 2025.

If you meet all the requirements to be treated as unmarried and meet the remaining requirements under “Am I eligible?” you may generally take the credit. If you do not meet all the requirements to be treated as unmarried, you cannot take the credit.

Is there a penalty for fraudulently claiming a credit?

Yes. If you file a return that fraudulently claims a credit that results in a refund, we will assess a penalty equal to 50% of the portion of the refund attributable to fraud. If a fraudulently claimed credit reduced your tax liability, we may also assess a penalty equal to 50% of the unpaid tax.

Do I need proof of my payments?

Yes. Save canceled checks and itemized receipts showing your payments for child and dependent care expenses. We may ask you to show these records if we have questions.

Who is a qualifying person?

A qualifying person is any person who meets the requirements for the federal credit for child and dependent care expenses. Generally, a qualifying person is someone who lived with you for more than half of the year and is either:

- Your dependent child who is younger than 13
- Your disabled spouse or disabled dependent

To determine if a child is a dependent, do not use income received as a Minnesota Family Investment Program (MFIP) grant or allowance to or on behalf of the child in order to determine the amount of support the child received.

If you were divorced, legally separated, or lived apart from your spouse during the last six months of 2025 and your child is not your dependent, you may claim the credit if your child meets the requirements of a qualifying person. In this case, the other parent cannot treat the child as a qualifying person.

What expenses qualify?

Qualifying expenses are the same as for the federal credit for child and dependent care expenses. Generally, qualifying expenses are expenses you paid for one or both of these:

- The care of your qualifying person so you (**and** your spouse, if filing a joint return) could work or look for work
- Household services so you (**and** your spouse, if filing a joint return) could work or look for work

If you worked or actively looked for work during only part of the time you incurred expenses, you must figure your expenses for each day. There are special rules for temporary absences or part-time work in IRS Publication 503.

Household services are services needed to care for the qualifying person as well as to run the home. Examples may include the services of a cook, maid, babysitter, housekeeper, or cleaning person if these services were partly for the care of a qualifying person. Do not include the services of a chauffeur or gardener.

Care of the qualifying person

The cost of care for the qualifying person includes the cost of services for their well-being and protection. It does not include the cost of food, lodging, education, clothing or entertainment.

You can include the cost of care provided outside your home for your dependent under age 13 or any other qualifying person who regularly spends at least eight hours a day in your home. If the care was provided by 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 persons (other than persons who live there) and receives a fee, payment, or grant for providing services for any of those persons, even if the center is not run for profit.

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 cannot be separated from the total cost. Do not include the cost of schooling for a child in kindergarten or above. You can include the cost of a day camp, even if it specializes in a particular activity, such as computers or soccer. Do not include any expenses for sending your child to an overnight camp, summer school, or a tutoring program.

If you did not have expenses, you may still qualify for this credit.

- If your child was born in 2025, see “What if my child was born in 2025?”
- If you are a licensed day care operator, see “What if I am a licensed day care operator?”

If you had expenses in 2024 that you paid in 2025, you may be able to increase the credit on your 2025 return. Use the Prior-Year Expense Worksheet for line 7 to determine your credit.

What if my child was born in 2025?

You may be eligible to calculate your credit using \$3,000 of expenses for your child born in 2025, even if you did not have actual expenses for that child or only one spouse had earned income. You may only claim the credit for your child and not the child of another person born during the year. Check one of the boxes at the top of the schedule to indicate whether you had a single newborn or multiple newborns in 2025. Do not check both boxes.

If all of the following are true, complete the Worksheet for Child Born in 2025.

- You had a child (or children) born in 2025.
- You had less than \$3,000 in child care expenses for the child born in 2025 **or** you or your spouse (if you are married and filing a joint return) earned less than \$3,000.
- You (or your spouse if you are married and filing a joint return) did not participate in a pretax dependent care assistance program.

Worksheet for Child Born in 2025

| | | |
|---|---|-------|
| 1 | Enter the amount from line 2 of Schedule M1CD | _____ |
| 2 | If married and filing a joint return, enter the amount from line 3 of Schedule M1CD | _____ |
| 3 | Add steps 1 and 2 | _____ |
| 4 | Enter the smaller of step 3 or \$3,000 (\$6,000, if you had more than one child born in 2025) | _____ |
| 5 | If you had another child (or children) born before January 1, 2025, enter the smaller of: | _____ |
| | • Your actual childcare expenses paid for them from Table 2 | |
| | • The amount on Step 1 | |
| | • The amount on Step 2 (if married and filing a joint return) | |
| 6 | Add steps 4 and 5 | _____ |
| 7 | Enter the smaller of step 6 or \$6,000. Use this amount on line 4 of Schedule M1CD | _____ |

What if I am a licensed day care operator?

You may be able to claim a credit for the care of your own child if your child was younger than age six at the end of 2025.

Your credit amount depends on your child’s age at the end of 2025.

- If your child was 16 months or younger, the credit is based on \$3,000 of qualified expenses.
- If your child was older than 16 months but younger than age six, the credit is based on the amount you would charge for a child of the same age being cared for in your home for the same number of hours (up to the maximum amount of \$3,000 per qualifying child).

Use the amounts above for entering qualifying expenses in column (d) of Table 2. Do not enter more than \$3,000 of qualifying expenses for each child. Place an X in the appropriate box above Part 1.

Line Instructions

Round amounts to the nearest whole dollar.

Married persons filing separately checkbox

If your filing status is Married Filing Separately and you meet the requirements listed under **Married persons filing separately** to claim the credit for dependent care expenses, place an X in the box above Part 1. If you are married filing separately and you did not check the box at the top of the form, do not complete this schedule.

Part 1 – Table 1. Persons or organizations providing the care

Complete columns (a) through (d) for each person or organization that provided the care. You may use federal Form W-10, Dependent Care Provider’s Identification and Certification, or any other source listed in its instructions to get the information from the care provider. If you do not give correct or complete information, we may disallow your credit and exclusion. If you have more than two care providers, attach a statement to your return with the required information.

Columns A and B

Enter the care provider's name and address. If you were covered by your employer's dependent care plan and your employer furnished the care (either at your workplace or by hiring a care provider), enter your employer's name in column (a). Next, enter "See W-2" in column (b). Then leave columns (c) and (d) blank. If your employer paid a third party on your behalf to provide the care, you must give the information on the third party in columns (a) through (d).

Column D

Enter the total amount you actually paid in 2025 to the care provider. Also, include amounts your employer paid to a third party on your behalf. It does not matter when the expenses were incurred. Do not reduce this amount by any reimbursements you received.

After completing Part 1

- If you received dependent care benefits, complete Part 3 next.
- If you did not receive dependent care benefits, you must only complete Part 2 next.

Part 2 – Table 2. Credit for dependent care expenses: Information about qualifying persons

Complete columns (a) through (d) for each qualifying person. If you have more than two qualifying persons, attach a statement to your return with the required information.

Column C

You must enter the qualifying person's Social Security Number (SSN). Be sure the name and SSN entered match the person's Social Security card. If the child was born and died in 2025 and did not have an SSN, enter "Died" in column (c) and attach a copy of the child's birth certificate, or hospital medical records.

Column D

Enter the qualifying expenses you incurred and paid in 2025 for the person listed in column (a). Prepaid expenses are treated as paid in the year the care is provided. In column (d) do not include any qualified expenses:

- You incurred in 2025 but didn't pay until 2026. (You may be able to use these expenses to increase your 2025 credit.)
- You incurred in 2024 but didn't pay until 2025. (See instructions for line 7.)
- You prepaid in 2025 for care to be provided in 2026. You may use these expenses only to calculate your 2026 credit.

To qualify for the credit, you must have one or more qualifying persons. You should show the expenses for each qualifying person in column (d). If you paid qualified expenses for the care of two or more qualifying persons, the applicable dollar limit is \$6,000. The limit does not need to be divided equally. For example, if you paid and incurred \$2,500 of qualified expenses for the care of one qualifying person and \$3,500 for the care of another qualifying person, you can use the combined total (\$6,000) to calculate the credit.

Lines 2 and 3

If you are Married Filing Jointly, figure your and your spouse's earned income separately. Enter your earned income on line 2 and your spouse's earned income on line 3.

Earned income for figuring the credit generally includes these amounts:

- If you are filing federal Schedule C as a statutory employee, the amount shown on line 1 of Schedule C.
- The amount shown on line 3 of federal Schedule SE, minus any deduction you claim on line 15 of federal Schedule 1.
 - If you use the optional method to figure self-employment tax, subtract any deduction you claim on line 14 of Schedule 1 from the total of the amounts shown on lines 3 and 4b of Schedule SE.
 - If you received church employee income of \$108.28 or more, subtract any deduction you claim on line 15 of Schedule 1 from the total amounts shown on lines 3 and 4b of Schedule SE.
- The amount from line 1z of Form 1040 or 1040-SR, minus any amount:
 - Included for a scholarship or fellowship grant not reported to you on federal Form W-2.
 - Excluded as foreign earned income (including housing exclusion) on line 43 of federal Form 2555.
 - Also reported on federal Schedule SE because you were a member of the clergy or you received \$108.28 or more of church employee income.
 - Received for work performed while an inmate in a penal institute.
 - Received as a pension or annuity from a nonqualified deferred compensation plan or a nongovernmental section 457(b) plan. This amount may be reported in box 11 of Form W-2. If you received such an amount but box 11 is blank, contact your employer for the amount received as a pension or annuity.

If you received nontaxable combat pay, you may elect to include it in earned income. Including this income will only give you a larger credit if you (or your spouse's) other earned income is less than the amount entered on line 1. Include the nontaxable combat pay on line 2 (or 3 for your spouse) to make this election. If you both received nontaxable combat pay, each of you may make your own election. The amount of your nontaxable combat pay is shown in box 12 of Form W-2 with code Q.

If your spouse was a student or disabled

Your spouse was a full-time student if he or she was enrolled as a full-time student at a school for some part of five calendar months during 2025. The months do not need to be consecutive. A school does not include an on-the-job training course, a correspondence school, or a school offering courses only through the internet. Your spouse was disabled if they were not physically or mentally capable of self-care. Figure your spouse's earned income on a monthly basis.

For each month or part of a month your spouse was a student or was disabled, they were considered to have worked and earned income. Their earned income for each month is considered to be at least \$250 (\$500 if caring for more than one qualifying person in 2025). Include the amount on line 3. If your spouse also worked during that month, use the higher of \$250 (or \$500) or their actual earned income for that month. For any month they were not a student or disabled, use their actual earned income if they worked during that month.

Line 5 — Adjusted Gross Income

Enter the amount from line 1 of Form M1. If the amount is less than zero, enter the negative number and put parentheses around it.

Line 6 — Decimal

Table 3

| If line 5 is | | |
|--------------|------------------|----------------|
| Over | But not over | Decimal Amount |
| | \$15,000 or less | .35 |
| 15,000 | 17,000 | .34 |
| 17,000 | 19,000 | .33 |
| 19,000 | 21,000 | .32 |
| 21,000 | 23,000 | .31 |
| 23,000 | 25,000 | .30 |
| 25,000 | 27,000 | .29 |
| 27,000 | 29,000 | .28 |
| 29,000 | 31,000 | .27 |
| 31,000 | 33,000 | .26 |
| 33,000 | 35,000 | .25 |
| 35,000 | 37,000 | .24 |
| 37,000 | 39,000 | .23 |
| 39,000 | 41,000 | .22 |
| 41,000 | 43,000 | .21 |
| 43,000 | No limit | .20 |

Line 7 — Worksheet for Line 7

Prior-Year Expense Worksheet for Line 7

- 1 Enter your 2024 qualified expenses paid in 2024 1 _____
- 2 Enter your 2024 qualified expenses paid in 2025 2 _____
- 3 Add the amounts on steps 1 and 2 3 _____
- 4 Enter \$3,000 if care was for one qualifying person (\$6,000 if for two or more)..... 4 _____
- 5 Enter any dependent care benefits received in 2024 and deducted on your federal return and/or excluded from your income in 2024. 5 _____
- 6 Subtract step 5 from step 4. 6 _____
- 7 Compare your earned income for 2024 and your spouse's earned income for 2024 and enter the smaller amount .. 7 _____
- 8 Compare the amounts on steps 3, 6, and 7 and enter the smallest amount 8 _____
- 9 Enter the amount on which you figured the credit for 2024. 9 _____
- 10 Subtract the amount on step 9 from the amount on step 8 and enter the result. If zero or less, stop here.
You cannot increase your 2025 credit by any previous year's expenses 10 _____
- 11 Enter your 2024 adjusted gross income (from your 2024 Schedule M1CD, line 5)..... 11 _____
- 12 Find your 2024 adjusted gross income in the table for line 6 of Schedule M1CD and enter the corresponding decimal amount here 12 _____
- 13 Multiply step 12 by step 10. Add this amount to your 2025 credit and enter the total on line 7 of Schedule M1CD.
Enter the following on the dotted line next to line 7: "CPYE" 13 _____

Attach a statement to your tax return showing the name and taxpayer identification number of the person for whom you paid the prior-year expenses and how you figured the credit.

Line 8 — Worksheet for Line 8

If your adjusted gross income on line 5 is less than or equal to \$64,150 do not complete the worksheet and enter the amount from line 5.

Worksheet for Line 8 (If Line 5 is More Than \$64,150)

- 1 Enter the amount from line 5. _____
- 2 Income limit \$64,150
- 3 Subtract step 2 from step 1 _____
- 4 Multiply step 3 by 5% (.05). _____
- 5 If you have one qualifying dependent, enter \$600. If you have two or more qualifying dependents, enter \$1,200 _____
- 6 Subtract step 4 from step 5. Enter the result here and on line 8 of Schedule M1CD (if less than zero, enter \$0) _____

Part 3 — Dependent Care Benefits

Lines 14 and 15

Dependent care benefits include:

- Amounts your employer paid directly to either you or your care provider for the care of your qualifying persons while you worked
- The fair market value of care in a day care facility provided or sponsored by your employer
- Pre-tax contributions you made under a dependent care flexible spending arrangement (FSA)

Your salary may have been reduced to pay for these benefits. If you received dependent care benefits as an employee, they should be shown in box 10 of your 2025 federal Form(s) W-2. Benefits you received as a partner should be shown in box 13 of your federal Schedule K-1 (Form 1065) with code O.

Line 16

If you had an employer-provided dependent care plan, enter on line 16 the total of these amounts included on line 14.

- Any amount you forfeited. You forfeited an amount if you did not receive it because you did not incur the expense. Do not include amounts you expect to receive at a future date.
- Any amount you did not receive but are permitted by your employer to carry forward and use in the following year during a grace period.

Lines 20 and 21

Use the instructions for lines 2 and 3 to determine earned income to enter on line 20.

If you are Married Filing Jointly, use the instructions from lines 2 and 3 to determine earned income to enter on line 21.

If you are any other filing status, enter the amount from line 20 on line 21.

Part 4

If you are reporting dependent care benefits in Part 3, you must complete lines 28 through 32 if you are also claiming the credit in Part 2.

Questions? Need forms?

- Website: www.revenue.state.mn.us
- Email: individual.incometax@state.mn.us
- Phone: 651-296-3781 or 1-800-652-9094