



Federal Child & Dependent Care Credit

(Tax Year 2016)

WHAT IS IT?

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

WHO QUALIFIES?

Families can claim this credit if:

- They paid for care in 2016 for a child under 13 or a disabled adult; **and**
- They needed the child or dependent care to work or look for work; **and**
- They paid over half the cost of keeping up their home (rent, food, etc.); **and**
- They paid less for dependent care than their 2016 income.

HOW DOES IT WORK?

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

- Families with one child or dependent can claim up to \$3,000.
- Families with more than one child or dependent can claim up to \$6,000.
- The credit will reduce the amount of taxes owed.

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

HOW DO FILERS CLAIM THE CREDIT?

In order to receive the tax credit, filers must use federal Form 2441 and attach it to the federal Form 1040 or 1040A (Schedule 2). Filers must identify each qualifying child and provide the Social Security number.

SAVE MONEY!

You can find out where to get free tax help at www.michiganfreetaxhelp.org.