



2005 Dependent Care Assistance Credits

MONTANA
DCAC
Rev. 10-05

Name (as it appears on your tax return) _____

Your Social Security Number or Federal Employer Identification Number _____

If this credit is a pass-through to you from a partnership or S. corporation enter here the name, FEIN and your percentage of ownership in the partnership or S. corporation.

_____ FEIN _____ % of Ownership _____

Day Care Facilities Credit (15-30-130 and 15-31-133, MCA)

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| 1 | Enter here the number of dependents that your day care facility is designed to accommodate..... | 1 | <input type="text"/> |
| 2 | Multiply the number on line 1 above by \$2,500 and enter the result here..... | 2 | <input type="text"/> |
| 3 | Enter your cost of acquisition, construction, reconstruction, renovation or other improvements here (see the instructions for determining your cost)..... | 3 | <input type="text"/> |
| 4 | Multiply the amount on line 3 above by .15 (15%) and enter the result here..... | 4 | <input type="text"/> |
| 5 | Enter the smaller of line 2, line 4, or \$50,000 here | 5 | <input type="text"/> |
| 6 | Divide line 5 by ten and enter the result here. (You are entitled to only 1/10 th of the credit yearly)..... | 6 | <input type="text"/> |
| 7 | Enter any carryover amounts from previous tax year(s) here..... | 7 | <input type="text"/> |
| 8 | Add lines 6 and 7 and enter the result here. This is your day care facilities credit | 8 | <input type="text"/> |
- You are required to attach supporting documentation showing that the person who operated your day care facility on the last day of your tax year is licensed or registered to operate your facility.

Dependent Care Assistance Credit (15-30-186 and 15-31-131, MCA)

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| 9 | Enter here the total amount of dependent care assistance that you furnished your employees..... | 9 | <input type="text"/> |
| 10 | Enter here the total number of employees who were provided this service..... | 10 | <input type="text"/> |
| 11 | Divide the amount on line 9 by the number on line 10 and enter that result or \$6,300, whichever is smaller..... | 11 | <input type="text"/> |
| 12 | Multiply the amount on line 11 by .25 (25%) and enter that result or \$1,575, whichever is smaller.... | 12 | <input type="text"/> |
| 13 | Multiply the amount on line 12 by the amount on line 10 and enter the result here. This is your dependent care assistance credit | 13 | <input type="text"/> |

Dependent Care Information and Referral Service Credit (15-30-186 and 15-31-131, MCA)

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| 14 | Enter here the total amount that you paid or incurred during the year for providing information and referral services to your employees..... | 14 | <input type="text"/> |
| 15 | Multiply the amount on line 14 by .25 (25%) and enter the result here. This is your dependent care information and referral service credit | 15 | <input type="text"/> |

Combined Credits

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| 16 | Add the amounts on lines 8, 13 and 15. This is your combined dependent care assistance credit . Enter here and on our Form 2A, Schedule V, line 18 for individuals; Form CLT-4, Schedule C, line 8 for C. corporations. Your combined credit cannot exceed your tax liability..... | 16 | <input type="text"/> |
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When you file your Montana income tax return electronically, you represent that you have retained all documents required as a tax record and that you will provide a copy to the department upon request.

General Instructions

Day Care Facilities Credit

(15-30-130 and 15-31-133, MCA)

If you are an employer you can take a credit against your tax liability for acquiring, constructing, reconstructing, renovating, or improving property for the primary use of providing a day-care facility for your employees.

The total amount of your credit is the smaller of:

- \$2,500 times the number of dependents that your day-care facility is designed to accommodate at the end of the first year you claim the credit; or
- 15% of the your cost to acquire, construct, reconstruct, renovate or improve property for use as a day-care facility; or
- \$50,000.

You are allowed to claim one-tenth of the total amount of your credit determined above in the first year you are eligible for the credit along with any day-care facility tax credit carryover. The remaining nine-tenth of your current year credit is applied in one-tenth increments in the next nine succeeding tax years.

To qualify for this credit, all of the following conditions should apply:

- The property has to be used in Montana as a day-care facility on the last day of the tax year in which the credit or any carryforward amount of the credit is claimed.
- Day-care services assisted by the employer has to take place on the property on the last day of the tax year in which the credit or any carryforward amount is claimed.
- The person operating the day-care facility has to hold a current license or registration certificate under Title 52, chapter 2, part 7 on the last day of the tax year in which the credit is claimed.
- The day-care facility accommodates six or more children.
- The day-care facility has to be placed into operation before January 1, 2006.

Line 1 – Number of dependents facility is designed to accommodate. Enter on line 1 the number of dependents your facility was designed to accommodate at the end of the first tax year in which the credit is first claimed.

Line 3 – Cost of acquisition, construction, reconstruction, renovation or other improvements. Enter on line 3 your cost to acquire, construct, reconstruct, renovate or otherwise improve real property to provide for a day-care facility. These costs may be:

- to another person with which you have a contract to make day-care assistance payments, or
- to provide and operate as an employer, or a combination of employers, a day-care assistance program.

In order to qualify these costs for this credit, they have to be excluded or partially excluded under 26 U.S.C. 129, from the income of the employee.

Line 6 – You are allowed one-tenth of your total credit that is determined on line 5 in the first year that you claim the credit and one-tenth of the total credit each succeeding year, not to exceed 9 years.

Dependent Care Assistance Credit

(15-30-186 and 15-31-131, MCA)

If you are an employer you can take a credit against your tax liability for providing dependent care assistance.

In order to qualify for this credit, your dependent care assistance program that you provide to your employees is required to be:

- furnished by a registered or licensed day-care provider; and
- in writing as specified in 89(k) of the Internal Revenue Code and meet the federal dependent care assistance requirements under 26 I.R.C. 129(d) through (k).

You are not entitled to this credit if:

- the services were not performed in Montana; or
- the amount of dependent care assistance is paid pursuant to a salary reduction plan; or
- the amount upon which the credit is based is included in the gross income of the employee or employees.

If you are filing an individual income tax return, the deduction that is allowed for dependent care assistance on your federal Schedule C, E or F should be reduced by the amount of dependent care assistance used to determine your credit.

If you are filing a partnership, S. corporation or C. corporation tax return, the deduction that is allowed for dependent care assistance (that reduces your federal taxable income) should be reduced by the amount of dependent care assistance used to determine your credit.

Dependent Care Information and Referral Service Credit (15-30-186 and 15-31-131, MCA)

In addition to the Dependent Care Assistance Credit, you can take a credit against your tax liability for providing information and referral services to assist your Montana employees in obtaining dependent care. The amount of your credit is equal to .25 (25%) of the amount that you paid or incurred during the year for providing dependent care information and referral service to your Montana employees.

Can I carryover my unused Dependent Care Assistance Credit and/or Information and Referral Service Credit?

Yes you can. You can carry over the unused portion of these two dependent care assistance tax credits up to five years.

What information do I have to include with my return when I claim this credit?

When you claim this credit attach a copy of Montana Form DCAC to your individual income tax or corporate license tax return. If you are a S. corporation or a partnership and are claiming this credit, attach Montana Form DCAC to your Montana information return Form CLT-4S or PR-1 and include a separate statement identifying each owner and their proportionate share of this credit.

Questions? Please call us at (406) 444-6900 or TDD (406) 444-2830 for the hearing impaired.