Montana Department of REVENUE

MONTANA
DCAC
Rev 03 13

2013 Dependent Care Assistance Credits

Name (as it appears on your Montana tax return)

Social Security Number ___ - __ - ____ **OR** Federal Employer Identification Number __ - _____

Part I. Partners in a Partnership or Shareholders of an S Corporation

Enter your portion of the dependent care assistance credit here. See instructions. $_____

Business Name of Partnership or S Corporation _____

Federal Employer Identification Number __ - _____

Part II. Day Care Facilities Credit (15-30-2365 and 15-31-133, MCA)

1. Enter the original amount of day care facility credit calculated. This is your total credit that is allocated over 10 tax years ..... 1.
2. Multiply line 1 by 0.10 (10%). This is your annual allocated credit amount ..... 2.
3. Enter the amount available to be carried forward from prior tax years. This is the difference between the sum of your annual allocated credits and the sum of the actual credits allowed on your tax returns from prior years ..... 3.
4. Add lines 2 and 3. **This is your day care facilities credit available for the current year.** ..... 4.
5. Enter the amount of credit claimed in the current tax year ..... 5.
6. Subtract line 5 from line 4. This is your credit available to be carried forward to the next tax year and added to your annual allocated credit ..... 6.

Please provide the provider number of the person operating the day care facility on the last day of the tax year for which the credit is claimed _____

Part III. Dependent Care Assistance Credit (15-30-2373 and 15-31-131, MCA)

1. Enter here the total amount of dependent care assistance that you furnished your employees ..... 1.
2. Enter here the total number of employees who were provided this service ..... 2.
3. Divide the amount on line 1 by the number on line 2 and enter that result or $6,300, whichever is smaller ..... 3.
4. Multiply the amount on line 3 by 0.25 (25%) and enter the smaller of that result or $1,575 ..... 4.
5. Multiply the amount on line 4 by the amount on line 2 and enter the result here. **This is your dependent care assistance credit.** ..... 5.

Part IV. Dependent Care Information and Referral Services Credit (15-30-2373 and 15-31-131, MCA)

1. Enter here the total amount that you paid or incurred during the year for providing information and referral services to your employees ..... 1.
2. Multiply the amount on line 1 by 0.25 (25%) and enter the result here. **This is your dependent care information and referral services credit.** ..... 2.

Part V. Combined Credits

Add the amounts on Part II, line 4; Part III, line 5; and Part IV, line 2. **This is your combined dependent care assistance credit.** Your combined credit cannot exceed your tax liability .....

Where to Report Your Credit

- ►Individuals: Form 2, Schedule V
- ►C corporations: Form CLT-4, Schedule C
- ►S corporations: Form CLT-4S, Schedule II
- ►Partnerships: Form PR-1, Schedule II

If you file your Montana tax return electronically, you do not need to mail this form to us unless we ask you for a copy. When you file electronically, you represent that you have retained the required documents in your tax records and will provide them upon the department's request.

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Form DCAC Instructions

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

- **Individuals.** If you are filing a paper return, include a copy of Form DCAC with your individual income tax return.
- **C corporations.** If you are filing a paper return, include a copy of Form DCAC with your corporation license tax return.
- **S corporations and partnerships.** If you are filing a paper return, include Form DCAC with your Montana information return Form CLT-4S or PR-1 and include a separate statement identifying each owner and their share.

You will need to complete a separate Form DCAC for each source you are receiving the credit from. For example, if you are a partner in one partnership that qualifies for this credit, and you, as an individual, also qualify for this credit, you would need to complete two forms.

If you file electronically, you do not need to mail this form to us unless we contact you for a copy.

Part I. Partners in a Partnership or Shareholders of an S Corporation

If you received this credit from a partnership or S corporation, you will need to fill out Part I in its entirety. Your portion of the credit can be obtained from the Montana Schedule K-1 that you received from the entity. In addition to reporting your portion of the credit, you will need to provide the partnership's or S corporation's name and Federal Employer Identification Number.

If you are a partner or shareholder in more than one partnership or S corporation, you will need to complete a separate Form DCAC for each entity you are receiving the credit from.

Part II. Day Care Facilities Credit

If you are an employer, the day care facilities credit is available for investments made after December 31, 2000 and before January 1, 2006 related to acquiring, constructing, reconstructing, renovating, or improving property for the primary use of providing a day care facility for your employees.

You are allowed to claim one-tenth of the total amount of your credit as determined in the first year you were eligible for the credit along with any day care facility tax credit carryforward amount. The remaining nine-tenths of the available credit are applied in increments of one-tenth over the next nine succeeding tax years. If this credit exceeds your tax liability, the excess amount may be carried forward to succeeding years, not to exceed nine tax years. Please keep a schedule in your records of how your carryforward was calculated.

To qualify for the credit or any carryforward amount of the credit, all of the following conditions must apply:

- The property must be in actual use in Montana as a day care facility on the last day of the tax year.
- Day care services assisted by the employer must take place on the property on the last day of the tax year.
- The person operating the day care facility must hold a current license or registration certificate under Title 52, chapter 2, part 7, MCA on the last day of the tax year.
- The day care facility accommodates six or more children.
- The day care facility is placed in operation before January 1, 2006.

You will need to provide the day care facility's provider number (PV#) from the Department of Public Health & Human Services on the line provided.

If this credit is claimed by a small business corporation or a partnership, the credit must be attributed to the shareholders or partners using the same proportion used to report the corporation's or partnership's income or loss for Montana income tax purposes.

Part III. Dependent Care Assistance Credit

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, the dependent care assistance you provide is required to be furnished by a registered or licensed day care provider, and it must be furnished according to a program that meets the requirements of 26 IRC 129(d) (2) through (6).

You are not entitled to this credit if any of the following are true:

- The services were not performed in Montana; or
- The amount of dependent care assistance is paid according 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 must 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) must be reduced by the amount of dependent care assistance used to determine your credit.

Part IV. Dependent Care Information and Referral Service Credit

In addition to the dependent care assistance credit, as an employer you can also 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% (multiply by 0.25) of the amount that you paid or incurred during the year for providing dependent care information and referral services to your Montana employees.

Part V. Combined Credits

If the credit exceeds my tax liability, can I carry any excess credit to another tax year?

Yes. You can carry forward the unused portion of the dependent care assistance credit and the dependent care information referral service credit for up to five years. For carryover provisions on the day care facilities credit, please see Part II instructions.

Questions? Please call us toll free at (866) 859-2254 (in Helena, 444-6900).