



2018 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. Dependent Care Assistance Credit (15-30-2373 and 15-31-131, MCA)

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

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

Table with 2 rows: 1. Enter here the total amount that you paid or incurred during the year for providing information and referral services to your employees... 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.

Part IV. Combined Credits

Add the amounts on Part II, line 5; and Part III, 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, Nonrefundable Credits Schedule
C corporations: Form CIT, 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.

## 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 corporate income 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. 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 III. 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 IV. 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.



**Questions?** Please call us at (406) 444-6900.