

# Credit for Employer-Provided Child Care Facilities and Services

Department of the Treasury  
Internal Revenue Service

▶ Attach to your tax return.

Name(s) shown on return

Identifying number

**Part I** **Current Year Credit** (Members of controlled groups or businesses under common control, see instructions.)

|  |               |   |  |   |  |
|--|---------------|---|--|---|--|
| 1 Qualified child care facility expenditures paid or incurred (see instructions)   | 1             |   |  |   |  |
| 2 Enter 25% (.25) of line 1  |               |   |  | 2 |  |
| 3 Qualified child care resource and referral expenditures paid or incurred   | 3             |   |  |   |  |
| 4 Enter 10% (.10) of line 3  |               |   |  | 4 |  |
| 5 Form 8882 credits from pass-through entities:  | If you are a— | Then enter the total of the Form 8882 credits from— |  |   |  |
| a Shareholder  |               | Schedule K-1 (Form 1120S) lines 12d, 12e, or 13     |  | 5 |  |
| b Partner  |               | Schedule K-1 (Form 1065) lines 12c, 12d, or 13      |  |   |  |
| c Beneficiary  |               | Schedule K-1 (Form 1041) line 14                    |  |   |  |
| 6 Add lines 2, 4, and 5  |               |   |  | 6 |  |
| 7 <b>Current year credit.</b> Enter the <b>smaller</b> of line 6 or <b>\$150,000</b> (S corporations, partnerships, estates, and trusts, see instructions) |               |   |  | 7 |  |

**Part II** **Allowable Credit** (See **Who must file Form 3800** to find out if you complete Part II or file Form 3800.)

|   |     |  |  |     |  |
|---|-----|--|--|-----|--|
| 8 Regular tax before credits:   |     |  |  |     |  |
| • Individuals. Enter the amount from Form 1040, line 42   | }   |  |  | 8   |  |
| • Corporations. Enter the amount from Form 1120, Schedule J, line 3; or the applicable line of your return  |     |  |  |     |  |
| • Estates and trusts. Enter the sum of the amounts from Form 1041, Schedule G, lines 1a and 1b, or the amount from the applicable line of your return   |     |  |  |     |  |
| 9 Alternative minimum tax:  |     |  |  |     |  |
| • Individuals. Enter the amount from Form 6251, line 35   | }   |  |  | 9   |  |
| • Corporations. Enter the amount from Form 4626, line 15  |     |  |  |     |  |
| • Estates and trusts. Enter the amount from Form 1041, Schedule I, line 56  |     |  |  |     |  |
| 10 Add lines 8 and 9  |     |  |  | 10  |  |
| 11a Foreign tax credit  | 11a |  |  |     |  |
| b Credit for child and dependent care expenses (Form 2441, line 11)   | 11b |  |  |     |  |
| c Credit for the elderly or the disabled (Schedule R (Form 1040), line 24)  | 11c |  |  |     |  |
| d Education credits (Form 8863, line 18)  | 11d |  |  |     |  |
| e Credit for qualified retirement savings contributions (Form 8880, line 14)  | 11e |  |  |     |  |
| f Child tax credit (Form 1040, line 50)   | 11f |  |  |     |  |
| g Mortgage interest credit (Form 8396, line 11)   | 11g |  |  |     |  |
| h Adoption credit (Form 8839, line 18)  | 11h |  |  |     |  |
| i District of Columbia first-time homebuyer credit (Form 8859, line 11)   | 11i |  |  |     |  |
| j Possessions tax credit (Form 5735, line 17 or 27)   | 11j |  |  |     |  |
| k Credit for fuel from a nonconventional source   | 11k |  |  |     |  |
| l Qualified electric vehicle credit (Form 8834, line 20)  | 11l |  |  |     |  |
| m Add lines 11a through 11l   |     |  |  | 11m |  |
| 12 Net income tax. Subtract line 11m from line 10. If zero, skip lines 13 through 16 and enter -0- on line 17   |     |  |  | 12  |  |
| 13 Net regular tax. Subtract line 11m from line 8. If zero or less, enter -0-   | 13  |  |  |     |  |
| 14 Enter 25% (.25) of the excess, if any, of line 13 over \$25,000 (see instructions)   | 14  |  |  |     |  |
| 15 Tentative minimum tax (see instructions):  |     |  |  |     |  |
| • Individuals. Enter the amount from Form 6251, line 33   | }   |  |  | 15  |  |
| • Corporations. Enter the amount from Form 4626, line 13  |     |  |  |     |  |
| • Estates and trusts. Enter the amount from Form 1041, Schedule I, line 54  |     |  |  |     |  |
| 16 Enter the greater of line 14 or line 15  |     |  |  | 16  |  |
| 17 Subtract line 16 from line 12. If zero or less, enter -0-  |     |  |  | 17  |  |
| 18 <b>Credit allowed for the current year.</b> Enter the <b>smaller</b> of line 7 or line 17 here and on Form 1040, line 53; Form 1120, Schedule J, line 6d; Form 1120-A, Part I, line 2a; Form 1041, Schedule G, line 2c; or the applicable line of your return. If line 17 is smaller than line 7, see instructions |     |  |  | 18  |  |

## General Instructions

Section references are to the Internal Revenue Code.

### Purpose of Form

Employers use Form 8882 to claim the credit for qualified child care facility and resource and referral expenditures. The credit is part of the general business credit. You may claim the credit any time within 3 years from the due date of your return on either an original or amended return.

### How To Figure the Credit

The credit is 25% of the qualified child care facility expenditures plus 10% of the qualified child care resource and referral expenditures paid or incurred during the tax year. The credit is limited to \$150,000 per tax year.

**Qualified child care facility expenditures** are amounts paid or incurred:

- To acquire, construct, rehabilitate, or expand property that:
  1. Is to be used as part of a qualified child care facility of the taxpayer,
  2. Is depreciable (or amortizable) property, **and**
  3. Is not part of the principal residence of the taxpayer or any employee of the taxpayer;
- For the operating expenses of a qualified child care facility of the taxpayer, including expenses for training of employees, scholarship programs, and providing increased compensation to employees with higher levels of child care training; or
- Under a contract with a qualified child care facility to provide child care services to employees of the taxpayer.

**Note:** Any expenses for child care included in qualified child care facility expenditures may not exceed the fair market value of such care.

A **qualified child care facility** is a facility that meets the requirements of all applicable laws and regulations of the state or local government in which it is located, including the licensing of the facility as a child care facility. The following conditions must also be met.

- The principal use of the facility must be to provide child care (unless the facility is also the personal residence of the person operating the facility).
- Enrollment in the facility must be open to employees of the taxpayer during the tax year.
- If the facility is the principal trade or business of the taxpayer, at least 30% of the enrollees of the facility must be dependents of employees of the taxpayer.
- The use of the facility (or the eligibility to use the facility) must not discriminate in favor of highly compensated employees.

**Qualified child care resource and referral expenditures** are amounts paid or incurred under a contract to provide child care resource and referral services to employees of the taxpayer. The provision of the services (or the eligibility to use the services) must not discriminate in favor of highly compensated employees.

### No Double Benefit Allowed

You must reduce:

- The basis of any qualified child care facility by the amount of the credit on line 7 allocable to capital expenditures related to the facility,
- Any otherwise allowable deductions used to figure the credit by the amount of the credit on line 7 allocable to those deductions, and
- Any expenditures used to figure any other credit by the amount of the credit on line 7 allocable to those expenditures (for purposes of figuring the other credit).

**Note:** For credits entered on line 5, only the pass-through entity is required to make this reduction.

### Recapture of Credit

You may have to recapture part or all of the credit if, before the 10th tax year after the tax year in which your qualified child care facility is placed in service, the facility ceases to operate as a qualified child care facility or there is a change in ownership of the facility. However, a change in ownership will not require recapture if the person acquiring the interest in the facility agrees, in writing, to assume the recapture liability. See section 45F(d) for details.

Any recapture tax is reported on the line of your tax return where other recapture taxes are reported (or, if no such line, on the "total tax" line). The recapture tax may not be used in figuring the amount of any credit or in figuring the alternative minimum tax.

### Controlled Groups

All members of a controlled group of corporations (within the meaning of section 52(a)) and all partnerships, corporations, unincorporated businesses, and other persons under common control (within the meaning of section 52(b)) are treated as one person for purposes of the credit. The group member who would have the largest credit if this rule did not apply completes Form 8882, Part I, figures the group credit on line 7, and skips Part II. On separate Forms 8882, each member (including the member who completed the group Form 8882) skips lines 1 through 6 and enters its share of the group credit on line 7. Each member then completes Part II on its separate form (or Form 3800, if required). Each member also must attach a statement showing how the group credit was divided among all members. The members share the credit on line 2 in the same proportion that they contributed qualified child care facility expenditures and share the credit on line 4 in the same proportion that they contributed qualified resource and referral expenditures.

### Additional Information

For more details, see section 45F.

## Specific Instructions

### Part I—Current Year Credit

Figure the credit for expenditures you paid on lines 1 through 4. Do not complete lines 1 through 4 for credits allocated to you from S corporations, partnerships, estates, or trusts; instead, complete line 5.

#### Line 1

Enter your qualified child care facility expenditures (defined above) paid or incurred during the tax year.

#### Line 3

Enter your qualified child care resource and referral expenditures (defined above) paid or incurred during the tax year.

#### Line 5

Enter the amount of credit that was allocated to you as a partner, shareholder, or beneficiary.

#### Line 7

**S corporations and partnerships.** Allocate the credit on line 7 among the shareholders and partners. Attach Form 8882 to the return and on Schedule K-1 show the credit for each shareholder or partner. Electing large partnerships must include this credit in "general credits."

**Estates and trusts.** The credit on line 7 is allocated between the estate or trust and the beneficiaries in proportion to the income allocable to each. On the dotted line next to line 7, the estate or trust should enter its part of the total credit. Label it "1041 Portion" and use this amount in Part II (or Form 3800, if required) to figure the credit to claim on Form 1041.

**Part II—Allowable Credit**

The credit allowed for the current year may be limited based on your tax liability. Use Part II to figure the allowable credit unless you must file **Form 3800**, General Business Credit.

**Who must file Form 3800.** You must file Form 3800 if you have:

- A credit for employer-provided child care facilities and services from a passive activity,
- More than one of the credits included in the general business credit (other than a credit from Form 8844 or 8884), or
- A carryback or carryforward of any of those credits.

See the instructions for Form 3800 to find out which credits are included in the general business credit. If you must file Form 3800, enter the credit from line 7 of this form on Form 3800, line 1o.

**Line 14**

See section 38(c)(4) for special rules that apply to married couples filing separate returns, controlled corporate groups, estates, and trusts.

**Line 15**

Although you may not owe the alternative minimum tax (AMT), you generally must still compute the tentative minimum tax (TMT) to figure your allowable credit. For a small corporation exempt from the AMT under section 55(e), enter zero. Otherwise, complete **and** attach the applicable AMT form or schedule and enter the TMT on line 15.

**Line 18**

If you cannot use all of your credit because of the tax liability limit (line 17 is smaller than line 7), carry the unused credit back 1 year then forward up to 20 years. See the instructions for Form 3800 for details.

**Paperwork Reduction Act Notice.** We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:

|  |               |
|--|---------------|
| <b>Recordkeeping</b> . . . . .                             | 8 hr., 7 min. |
| <b>Learning about the law or the form</b> . . . . .        | 42 min.       |
| <b>Preparing and sending the form to the IRS</b> . . . . . | 51 min.       |

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. See the instructions for the tax return with which this form is filed.

