

BV
6-16-06

I.R.S. SPECIFICATIONS TO BE REMOVED BEFORE PRINTING
INSTRUCTIONS TO PRINTERS
FORM 8882, PAGE 2 of 2
MARGINS: TOP: 13mm (1/2"), CENTER SIDES. PRINTS: HEAD TO HEAD
PAPER: WHITE WRITING, SUB. 20. INK: BLACK
FLAT SIZE: 432mm (17") x 279mm (11") FOLD TO: 216mm (8 1/2") x 279mm (11")
PERFORATE: ON FOLD
DO NOT PRINT — DO NOT PRINT — DO NOT PRINT — DO NOT PRINT

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• 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.

41/80%

• **Qualified childcare resource and referral expenditures** are amounts paid or incurred under a contract to provide childcare 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 childcare 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 childcare facility is placed in service, the facility ceases to operate as a qualified childcare 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.

Member of Controlled Group or Business Under Common Control

For purposes of figuring the credit, all members of a controlled group of corporations (as defined in section 52) and all members of a group of businesses under common control (as defined in section 52(b)), are treated as a single taxpayer. As a member, compute your credit for lines 2 through 4 as follows:

• Compute your credit for line 2 based on your proportionate share of qualified childcare facility expenditures giving rise to the group's credit for line 2. Enter your share of the credit on line 2. Attach a statement showing how your share of the credit was figured, and write "See Attached" next to the entry space for line 2.

• Compute your credit for line 4 based on your proportionate share of qualified resource and referral expenditures giving rise to the group's credit for line 4. Enter your share of the credit on line 4. Attach a statement showing how your share of the credit was figured, and write "See Attached" next to the entry space for line 4.

Specific Instructions

Line 7

Estate and trusts: The credit on line 7 is allocated between the estate or trust and the beneficiaries in proportion to the income they receive. On the dotted line next to line 7, the estate or trust should enter its part of the total credit. Label it "1041 Botten" and use this amount in Part II (for Form 3800, if required) to figure the credit to claim on Form 1044.

D
e/s
INSWAT: (R)

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 burden for individual taxpayers filing this form is approved under OMB control number 1545-0074 and is included in the estimates shown in the instructions for their individual income tax return. The estimated burden for all other taxpayers who file this form is shown below.

- Recordkeeping 6 hr., 42 min.
- Learning about the law or the form 42 min.
- Preparing and sending the form to the IRS 50 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.

INSWAT: (R)

Allocate the credit for employer-provided childcare facilities and services on line 7 between the estate or trust and the beneficiaries in the same proportion as income was allocated and enter the beneficiaries' share on line 8.

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LET THAT SIDE TO 9.5 POINTS