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If you have any comments on this draft form, you can submit them to us on our web site. Include the word DRAFT in your response. You may make comments anonymously, or you may include your name and e-mail address or phone number. We will be unable to respond to all comments due to the high volume we receive. However, we will carefully consider each suggestion. So that we can properly consider your comments, please send them to us within 30 days from the date the draft was posted.

Schedule 2 (Form 1040A)

Department of the Treasury-Internal Revenue Service

Child and Dependent Care

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OMB No. 1545-0074

Expenses for Form 1040A Filers Name(s) shown on Form 1040A Your social security number Before you begin: You need to understand the following terms. See Definitions on page 1 of the separate instructions. Dependent care benefits Qualifying person(s) Qualified expenses (a) Care provider's (b) Address (number, street, apt. no., (c) Identifying (d) Amount paid Part I name city, state, and ZIP code) number (SSN or EIN) (see instructions) Persons or organizations who provided the care If you have more than two care providers, see the instructions. You must complete this No Complete only Part II below. Did you receive part. dependent care benefits? Complete Part III on the back next. Yes Caution. If the care was provided in your home, you may owe employment taxes. If you do, you must use Form 1040. See Schedule H and its instructions for details. Information about your qualifying person(s). If you have more than two qualifying persons, see Part II the instructions. (c) Qualified expenses Credit for child (a) Qualifying person's name (b) Qualifying person's social you incurred and paid and dependent security number in 2007 for the person First Last care expenses listed in column (a) 3 Add the amounts in column (c) of line 2. Do not enter more than \$3,000 for one qualifying person or \$6,000 for two or more persons. If you completed Part III, enter the amount from line 29. 3 4 Enter your earned income. See the instructions. 4 5 If married filing jointly, enter your spouse's earned income (if your spouse was a student or was disabled, see the instructions); all 5 others, enter the amount from line 4. 6 Enter the smallest of line 3, 4, or 5. 6 7 Enter the amount from Form 1040A, line 22. 8 Enter on line 8 the decimal amount shown below that applies to the amount on line 7. If line 7 is: If line 7 is: But not **Decimal But not** Decimal Over amount is Over amount is over over \$0—15,000 .35 \$29,000-31,000 27 15,000—17,000 .34 31,000-33,000 .26 17,000—19,000 .33 33,000-35,000 .25 19,000-21,000 .32 35,000—37,000 .24 21,000-23,000 .23 .31 37,000-39,000 23,000-25,000 39,000-41,000 .30 .22 25,000-27,000 .29 41,000-43,000 .21 27,000-29,000 .28 43,000-No limit 8 Χ. Multiply line 6 by the decimal amount on line 8. If you paid 2006 expenses in 2007, see the instructions. 9 **10** Enter the amount from the Alternative Minimum Tax Worksheet, line 22. See the instructions. 10 **11** Enter the amount from the Alternative Minimum Tax Worksheet, line 21. See the instructions. 11 Subtract line 11 from line 10. If zero or less, stop. You cannot take the credit. 12 Credit for child and dependent care expenses. Enter the smaller

of line 9 or line 12 here and on Form 1040A, line 29.

13

Schedule 2 (Form 1040A) 2007 Part III 14 Enter the total amount of dependent care benefits you received for 2007. This amount should be shown in box 10 of your Form(s) **Dependent** W-2. **Do not** include amounts that were reported to you as wages care benefits in box 1 of Form(s) W-2. 14 15 Enter the amount, if any, you carried over from 2006 and used in 2007 during the grace period. See the instructions. 15 16 Enter the amount, if any, you forfeited or carried forward to 2008. See the instructions. 16 (17 Combine lines 14 through 16. See the instructions. 17 18 Enter the total amount of qualified expenses incurred in 2007 for the care of the qualifying person(s). 18 **19** Enter the **smaller** of line 17 or 18. 19 **20** Enter your **earned income**. See the instructions. 21 Enter the amount shown below that applies to If married filing jointly, enter your spouse's earned income (if your spouse was a student or was disabled, see the instructions for line 5). If married filing separately, see the instructions for the amount to enter. All others, enter the amount from line 20. 21 22 Enter the smallest of line 19, 20, or 21. 22 23 Excluded benefits. Enter here the smaller of the following: The amount from line 22, or • \$5,000 (\$2,500 if married filing separately and you were required to enter your spouse's earned income on line 21). 23 **24 Taxable benefits.** Subtract line 23 from line 17. Also, include this amount on Form 1040A, line 7. In the space to the left of line 7, enter "DCB." 24 To claim the child and dependent care credit, complete lines 25-29 below. 25 Enter \$3,000 (\$6,000 if two or more qualifying persons). 25 26 Enter the amount from line 23. 26

Schedule 2 (Form 1040A) 2007

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27 Subtract line 26 from line 25. If zero or less, stop. You cannot take the credit. **Exception.** If you paid 2006 expenses in 2007, see the

29 Enter the smaller of line 27 or 28. Also, enter this amount on line 3

28 Complete line 2 on the front of this schedule. Do not include in column (c) any benefits shown on line 23 above. Then, add the

amounts in column (c) and enter the total here.

on the front of this schedule and complete lines 4–13.

instructions for line 9.