

CHILD CARE EXPENSES DEDUCTION FOR 1997

Before you start, please read the attached information sheet about child care expenses. Terms used on this form (child care expenses, eligible child, supporting person, earned income, and net income) are defined on the information sheet. Attach a completed copy of this form to your return. Don't include child care expenses receipts, but keep them in case we ask to see them. If you are the only supporting person, or you are the supporting person with the lower net income, complete Parts A and B. If you are the supporting person with the higher net income, complete Parts A, B, and C. If you attended school in 1997, read Part D to see if it applies.

Part A – Total child care expenses

List the first and last names and the date of birth of all your eligible children whether or not you had child care expenses for all of them.

	Year	Month	Day
_____	1 9		
_____	1 9		
_____	1 9		
_____	1 9		

First name of each child for whom payments were made	Child care expenses paid (see note)	Indicate who received the payments. Provide the name of the child care organization or the name and social insurance number of the individual.	Number of weeks in a boarding school or an overnight camp
_____	+	_____	_____
_____	+	_____	_____
_____	+	_____	_____
_____	+	_____	_____
_____	+	_____	_____
Total	=		

Note: The maximum you can claim for expenses that relate to a stay in a boarding school or an overnight camp (including an overnight sports school) is **\$150 per week** for an eligible child included on line 1 in Part B, and **\$90 per week** for an eligible child included on line 2.

Enter any child care expenses included above that were paid in 1997 for a child who was 18 or older **6795**

Part B – Basic limit for child care expenses deduction

Number of eligible children 6 years of age or under (born in 1991 or later), or 7 or older (born in 1990 and earlier) for whom the disability amount can be claimed *	_____ x \$5,000 =	_____	1
Number of eligible children 7 to 16 years of age (born in 1981 to 1990), or 17 or older (born in 1980 and earlier) with a mental or physical infirmity for whom the disability amount cannot be claimed	_____ x \$3,000 =	+	2
Add line 1 and line 2		=	3
Enter your total child care expenses from Part A		_____	4
Enter your earned income	_____ x 0.667 =	_____	5
Enter the amount from line 3, 4, or 5, whichever is the least		_____	6
If you are the supporting person with the higher net income, go to Part C. Leave lines 7 and 8 blank.			
Enter any child care expenses that the other supporting person with the higher net income deducted on line 214 of his or her 1997 return		-	7
Line 6 minus line 7. If you attended school in 1997, go to Part D if it applies to you. Otherwise, enter this amount on line 214 of your return		=	8

* Attach Form T2201, Disability Tax Credit Certificate. If this form has already been filed for the child, attach a note to your return showing the name and social insurance number of the person who filed it and the taxation year for which it was filed.

Part C – Are you the supporting person with the higher net income?

Complete this part if, in 1997, the other supporting person (with the lower net income) was in a situation described below. Indicate the name, social insurance number, and the net income of the other supporting person and check the boxes that apply.

Name of supporting person with the lower net income _____

Social insurance number _____

Net income _____

- The other supporting person was enrolled in an educational program described in the section called "Did you or the other supporting person attend school in 1997?" on the attached information sheet.
- The other supporting person was incapable of caring for children because of a mental or physical infirmity. That person must have been confined for a period of at least two weeks in 1997 to a bed or wheelchair, or as a patient in a hospital, an asylum, or other similar institution. Attach a statement from the attending physician certifying this information.
- The other supporting person was incapable of caring for children in 1997 because of a mental or physical infirmity. This situation is likely to continue for an indefinite period. Attach a statement from the attending physician certifying this information.
- The other supporting person was confined to a prison or similar institution for a period of at least two weeks in 1997.
- You and your spouse were, due to a breakdown in your relationship, living separate and apart at the end of 1997 and for a period of at least 90 days beginning in 1997, but you reconciled before March 2, 1998.

Number of eligible children from line 1 in Part B	_____	x \$150 =		9
Number of eligible children from line 2 in Part B	_____	x \$ 90 =	+	10
Add line 9 and line 10			=	11
Number of full weeks in 1997 for all situations described above that apply to you			x	12
Multiply the amount on line 11 by the number of weeks shown on line 12			=	13

Enter the amount from line 6 in Part B, or from line 13 above, whichever is less.

If you attended school in 1997, go to Part D if it applies to you.

Otherwise, enter this amount on line 214 of your return **Your allowable deduction**

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Part D – Did you attend school in 1997?

Complete this part if, at any time in 1997, either of the following situations applied to you:

- You were the only supporting person, line 6 equals line 5 in Part B, and you were enrolled in an educational program described in the section called "Did you or the other supporting person attend school in 1997?" on the attached information sheet.
- You were the supporting person with the higher net income, line 6 equals line 5 in Part B, and you and the other supporting person were, at the same time in 1997, enrolled in an educational program described in the section called "Did you or the other supporting person attend school in 1997?" on the attached information sheet.

Number of eligible children from line 1 in Part B	_____	x \$150 =		15
Number of eligible children from line 2 in Part B	_____	x \$ 90 =	+	16
Add line 15 and line 16			=	17
Number of full weeks in 1997 that either of the situations described above applied to you			x	18
Multiply the amount on line 17 by the number of weeks shown on line 18			=	19

Line 3 in Part B minus line 8 in Part B or line 14 in Part C, whichever applies to you 20

Line 4 in Part B minus line 8 in Part B or line 14 in Part C, whichever applies to you 21

Enter your **net income** x 0.667 = 22

Line 13 in Part C minus line 5 in Part B (if you completed Part C) 23

Enter amount from line 19, 20, 21, 22, or (if it applies) 23, whichever is **least** 24

Enter the amount from line 8 in Part B or line 14 in Part C, whichever applies to you + 25

Add line 24 and line 25. Enter this amount on line 214 of your return **Your allowable deduction** = 26

What payments can you claim?

You can claim payments made to:

- eligible individuals providing child care services;
- day nursery schools and day-care centres;
- educational institutions for the part of the fees that relate to child care services;
- day camps and day sports schools; and
- boarding schools, overnight sports schools, or camps where lodging is involved.

You can also claim advertising expenses and placement agency fees.

Receipts – The individual or organization who received the payments must give you a receipt showing information about the services provided. When the child care services are provided by an individual, you will need the social insurance number of the individual. Do not attach receipts to your return, but keep them in case we ask to see them.

Note

If you paid an individual to provide child care in your home, you may have some responsibilities as an employer. If you are not sure of your situation, contact us.

When the child care services are provided by an individual, the individual must be a person other than:

- the child's father, mother, or a supporting person;
- a person for whom you or a supporting person of the child claimed an amount on lines 305 or 306 of the 1997 return; **or**
- a person under 18 who is related to you.

A **related person** is someone connected by a blood relationship, marriage, or adoption, such as your or your spouse's child, brother, sister, brother-in-law, or sister-in-law. Nieces, nephews, aunts, or uncles are not related persons.

What payments can't you claim?

You cannot claim payments for medical or hospital care, clothing, transportation, or education costs.

You cannot claim expenses if you or another supporting person received, or are entitled to receive, a reimbursement of the child care expenses or any other form of assistance not included in income. If your employer paid the child care expenses on your behalf, you can claim the part of the expenses included in your income.

Did you or the other supporting person attend school in 1997?

You may be able to claim child care expenses to attend school if any of the following situations apply:

- you are the only supporting person and, at any time in 1997, you were enrolled in an educational program described below (see Part D of Form T778);
- the other supporting person (with the lower net income) was, at any time in 1997, enrolled in an educational program described below (see Part C of Form T778); or
- you and the other supporting person (with the lower net income) were, at the same time in 1997, enrolled in an educational program described below (see Part C and Part D of Form T778).

The **educational program** has to be offered by a secondary school, college, university, or other designated educational institution. The program has to last at least 3 consecutive weeks and requires students to spend at least 10 hours a week on courses or work in the program. A designated educational institution also includes an institution certified by the Minister of Human Resources Development for courses that develop or improve occupational skills.

Other situations

If your spouse, the child's parent, or any other person claiming a personal amount for the child died in 1997, we do not consider that person to be a supporting person for the year. If you are the other supporting person for the child, you can claim on your return the child care expenses paid in 1997, as long as the child was living with you when you had the expenses. If you are filing an income tax return for someone who died in 1997, only the child care expenses that were paid while that person was alive can be claimed on that return.

If you lived outside Canada for part or all of 1997 and we consider you to be a **factual** or **deemed resident** of Canada, you can claim child care expenses that you paid to a non-resident person for services provided outside Canada. We explain these terms in the section called "Before you start" in the *General Income Tax Guide*. For information on other circumstances under which you can claim child care expenses paid for services provided outside Canada (such as commuters to the United States), please contact us.

If you **immigrated** to, or **emigrated** from Canada in 1997, you can claim child care expenses for the period you were in Canada, as long as you otherwise qualify.

If you need more information, please contact us. You can find the addresses and telephone numbers listed under "Revenue Canada" in the Government of Canada section of your telephone book.

Child Care Expenses Deduction for 1997

Definitions

The terms **child care expenses**, **eligible child**, **supporting person**, **net income**, and **earned income**, that are used on Form T778 are defined on this page.

Child care expenses

Child care expenses are amounts you or another supporting person paid to have someone look after an eligible child so that you or the other supporting person could:

- earn income from employment;
- carry on a business either alone or as an active partner;
- take an occupational training course for which you or the other supporting person received a training allowance under the *National Training Act*;
- enrol in an educational program described in the section called "Did you or the other supporting person attend school in 1997?" on the back of this sheet; or
- carry on research or similar work for which you or the other supporting person received a grant.

Usually, you can only deduct payments for services provided in Canada by a Canadian resident. See the section called "Other situations" on the back for exceptions.

Eligible child

Child care expenses can only be claimed for an **eligible child**.

An eligible child is:

- your child;
- your spouse's child; **or**
- a child who was dependent on you or your spouse and whose net income in 1997 was \$6,456 or less.

The child has to have lived with you or the other supporting person when you or the other supporting person had the expenses. The child must have been **under 16** years of age at some time in 1997. However, the age limit does not apply if, during 1997, the child was dependent on you or your spouse and is mentally or physically infirm.

Supporting person

Child care expenses can only be claimed by the eligible child's supporting persons. You are a **supporting person** if you are:

- the child's parent;
- the spouse of the child's parent; **or**
- an individual claiming an amount for the child on line 305 or 306 of your 1997 return.

The child's other parent, your spouse, or any individual claiming an amount for the child on line 305 or 306 of his or her 1997 return who lived with you at any time in 1997 **and** at any time during the first 60 days of 1998 will also be a supporting person.

Net income

Net income is the amount you would enter on line 236 of your return if you had no claim for child care expenses on line 214 and no social benefits repayment on line 235.

Earned income

Your **earned income** on line 5 in Part B of Form T778 is the total of:

- employment income (including tips and gratuities);
- net self-employment income either alone or as an active partner (excluding losses);
- training allowances;
- the taxable part of scholarships, bursaries, fellowships, and similar awards;
- net research grants;
- any earnings supplement received under a project sponsored by the Government of Canada; and
- disability benefits received from the Canada Pension Plan or the Quebec Pension Plan.

Who can claim child care expenses?

If there is no other supporting person, you can claim child care expenses paid while the eligible child was living with you.

If there are two supporting persons and you have the **lower net income** (including zero income), you have to claim the child care expenses.

If there are two supporting persons and you have the **higher net income**, you can make a claim only if one of the situations outlined in Part C of Form T778 applies.

If there are two supporting persons and you both have **equal net incomes**, you have to agree on which one of you will claim the expenses.

If you became a common-law spouse or married in 1997, you and your spouse have to consider your net incomes for the whole year. Include child care expenses you both paid for the whole year.

Child Tax Benefit

For each eligible child who is **under 7** years of age, there is a Child Tax Benefit supplement of \$213, which is reduced by 25% of child care expenses you and your spouse claimed for children who are under 18 years of age.

Child care expenses claimed on your 1997 returns will affect the supplement you may be entitled to receive for the period from July 1998 to June 1999.

You can claim less than the maximum child care expenses allowable if it is to your benefit. If you do not need your full child care expenses to reduce your 1997 federal tax to zero, it may be better to claim only what you need, since this may increase your supplement for the above-mentioned period. Keep in mind, however, that you cannot carry forward unclaimed expenses to another year.