



Information About Child Care Expenses

The information on this sheet will help you to complete Form T778, *Child Care Expenses Deduction for 2008*.

Who can claim child care expenses?

If you are the only person supporting the child, you can claim child care expenses (as defined on the next page) you incurred while the eligible child (as defined on the next page) was living with you.

However, there may have been another person who lived with you at any time in 2008 and at any time during the first 60 days of 2009 who was:

- the eligible child's parent;
- your spouse or common-law partner, if you are the father or the mother of the child; or
- an individual claiming an amount for the eligible child on line 305, 306, 315, or 367 of their Schedule 1.

If there is another person, the person with the **lower net income** (including zero income) must claim the child care expenses unless one of the situations in Part C or in Part D applies.

If there is another person, and one of the situations in Part C or in Part D applies, the child care expenses can be claimed by the person with the **higher net income**, or in part by both the person with the higher net income and the person with the lower net income. In any such situation, the person with the higher net income must calculate the claim first.

If there is another person and you have **equal net incomes**, you have to agree on which one of you will claim the expenses.

If you got married or began living common-law in 2008, you and your spouse or common-law partner have to consider your net incomes for the whole year. Include child care expenses you both paid for the whole year.

What payments can you claim?

You can claim payments for child care expenses made to:

- caregivers providing child care services;
- day nursery schools and daycare centres;
- educational institutions, for the part of the fees that relate to child care services;
- day camps and day sports schools where the primary goal of the camp is to care for children (an institution offering a sports study program is not a sports school); or
- boarding schools, overnight sports schools, or camps where lodging is involved (see the note in Part A of Form T778).

Advertising expenses and placement agency fees paid to locate a child care provider may also qualify as child care expenses. For more details, see Interpretation Bulletin IT-495, *Child Care Expenses*.

When the child care services are provided by an individual, the individual cannot be:

- the child's father or mother;
- another person (as described under "Who can claim child care expenses?");
- a person for whom you or another person claimed an amount on line 305, 306, 315, or 367 of Schedule 1; or
- a person under 18 who is related to you.

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

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 send receipts with your return, but keep them in case we ask to see them. If you file your return electronically using EFILE, show your receipts to your EFILE service provider.

Notes

You may have paid an amount that would qualify to be claimed as child care expenses and the children's fitness amount (line 365). If this is the case, you **must** first claim this amount as child care expenses. Any unused part can be claimed for the children's fitness amount as long as the requirements are met.

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.

What payments can't you claim?

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

For payments made to an educational institution, you cannot claim the part of the fees that relate to education costs, such as tuition fees of a regular program or a sports study program. Also, you cannot claim fees paid for leisure or recreational activities, such as tennis lessons or the annual registration fees paid for Scouts.

Notes

Although some expenses may not be eligible to deduct as child care expenses, they may qualify for the children's fitness amount as long as the requirements are met to claim an amount at line 365.

You cannot claim expenses for which you or another person (as described under "Who can claim child care expenses?") received, or is 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 for the year.

Other situations

When completing the return of a **person who died in 2008**, claim eligible child care expenses that were paid while that person was living with the child as if he or she was the only person supporting the child. However, if there was another person (as described under "Who can claim child care expenses?"), that person is also considered the only person supporting the eligible child and can claim eligible child care expenses paid while living with the child, as long as the expenses were not claimed on the return of another person.

If you lived outside Canada for part or all of 2008, 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 under "Which tax package should you use?" on page 8 of the *General Income Tax and Benefit Guide*. For information on other circumstances in which you can claim child care expenses paid for services provided outside Canada (e.g., commuters to the United States), please contact us.

If you **immigrated** to or **emigrated** from Canada in 2008, you can claim child care expenses for the period you were in Canada, as long as you otherwise qualify.

Definitions

The terms **child care expenses**, **eligible child**, **net income**, **earned income**, and **educational program**, used on Form T778, *Child Care Expenses Deduction for 2008*, are defined here.

Child care expenses

Child care expenses are amounts you or **another person** (as described under "Who can claim child care expenses?") paid to have someone look after an eligible child so that you or the other person could:

- earn income from employment;
- carry on a business either alone or as an active partner;
- attend school under the conditions identified under "Educational program" on this page; or
- carry on research or similar work, for which you or the other person received a grant.

The child must have lived with you or the other person when the expense was incurred for the expense to qualify. Usually, you can only deduct payments for services provided in Canada by a Canadian resident. See "Other situations" on the previous page for exceptions.

Eligible child

Child care expenses can only be claimed for an eligible child. An eligible child is:

- your or your spouse or common-law partner's child; **or**
- a child who was dependent on you or your spouse or common-law partner, and whose net income in 2008 was \$9,600 or less.

The child must have been **under 16** years of age at some time in the year. However, the age limit does not apply if the child was dependent on you or your spouse or common-law partner and was mentally or physically infirm.

Net income

Your net income, and that of the other person, is used to determine which person can claim child care expenses. This is the amount from line 236 of your returns. However, **do not include** amounts for child care expenses (line 214) and social benefits repayment (line 235).

Earned income

Your earned income for line 6 in Part B is the total of:

- employment income (including tips and gratuities, and the non-taxable part of an allowance received as an emergency volunteer);
- net self-employment income, either alone or as an active partner (excluding losses);
- the taxable portion of scholarships, bursaries, fellowships and similar awards, and net research grants;
- any earnings supplement received under a project sponsored by the Government of Canada to encourage employment or sponsored under Part II of the *Employment Insurance Act* or any similar program;
- disability benefits received from the Canada Pension Plan or the Quebec Pension Plan; and
- apprenticeship incentive grants received under the Apprenticeship Incentive Grant program administered by Human Resources and Social Development Canada.

Educational program

An educational program has to be offered by a secondary school, college, university, or other designated educational institution. This includes any institution certified by the Minister of Human Resources and Social Development for courses that develop or improve occupational skills. An eligible program has to last at least 3 consecutive weeks. A **full-time** educational program requires students to spend at least 10 hours a week on courses or work in the program. A **part-time** educational program requires students to spend at least 12 hours in a calendar month on courses in the program.

Do you need more information?

If you need more information, visit our Web site at www.cra.gc.ca or call us at **1-800-959-8281**.

If you use a teletypewriter (TTY) because you have difficulty hearing or speaking, you can call our toll-free, bilingual TTY enquiry service to get information. The telephone number is **1-800-665-0354**.



Child Care Expenses Deduction for 2008

Read the attached information sheet. On the sheet we define **child care expenses**, **eligible child**, **net income**, **earned income**, and **educational program**. For more details, see Interpretation Bulletin IT-495, *Child Care Expenses*.

Each person claiming the child care expenses deduction must attach a completed Form T778 to his or her return. Do not include receipts, but keep them in case we ask to see them.

If you are the **only person** claiming child care expenses, complete parts A and B, and, if it applies, Part D.

If there is **another person** (as described under "Who can claim child care expenses?" on the attached sheet) and you are the one with the **lower net income**, complete parts A and B.

If there is **another person** (as described under "Who can claim child care expenses?" on the attached sheet) and you are the one with the **higher net income**, complete parts A, B, C, and, if it applies, Part D.

Part A – Total child care expenses

List the **first and last names** and the **dates of birth** of all your eligible children, even if you did not pay child care expenses for all of them.

	Year	Month	Day

First name of each child for whom payments were made	Child care expenses paid (see note below)	Name of the child care organization or the name and social insurance number of the individual who received the payments	Number of weeks for boarding schools or overnight camps
_____	+	_____	_____
_____	+	_____	_____
_____	+	_____	_____
_____	+	_____	_____
Total	=		

Note: The maximum you can claim for expenses that relate to a stay in a boarding school (other than education costs) or an overnight camp (including an overnight sports school) is **\$175 per week** for a child included on line 1 in Part B, **\$250 per week** for a child included on line 2, and **\$100 per week** for a child included on line 3.

Enter any child care expenses included above that were incurred in 2008 for a child who was 18 or older. **6795**

Part B – Basic limit for child care expenses

Number of eligible children:

Born in 2002 or later , for whom the disability amount cannot be claimed	_____	× \$7,000 =	_____	1
Born in 2008 or earlier , for whom the disability amount can be claimed *	_____	× \$10,000 =	6796 +	2
Born in 1992 to 2001 , (or born in 1991 or earlier, with a mental or physical infirmity, for whom the disability amount cannot be claimed)	_____	× \$4,000 =	+ _____	3
Add lines 1 to 3.			= _____	4

Enter your **total child care expenses** from Part A. _____ 5

Enter your **earned income**. _____ × $\frac{2}{3}$ = _____ 6

Enter the amount from line 4, 5, or 6, whichever is **least**. _____ 7

If you are the person with the higher net income, go to Part C. Leave lines 8 and 9 blank.

Enter any child care expenses that the **other person** (as described under "Who can claim child care expenses?" on the attached sheet) with the higher net income deducted on line 214 of his or her 2008 return. - _____ 8

Line 7 minus line 8. If you attended school in 2008 and you are the only person making a claim, also go to Part D. Otherwise, enter this amount on line 214 of your return. **Your allowable deduction** = _____ 9

* 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 the form and the tax year for which it was filed.

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

Complete Part C if, in 2008, **another person** (as described under "Who can claim child care expenses?" on the attached sheet) with lower net income was in a situation described below. Give the name, social insurance number, and the net income of the other person, **and** tick the boxes that apply.

Name of person with lower net income _____

Social insurance number _____

Net income _____

- a)** The other person attended school and was enrolled in a **part-time** educational program (see "Educational program" on the attached sheet).
- b)** The other person attended school and was enrolled in a **full-time** educational program (see "Educational program" on the attached sheet).
- c)** The other person was not capable 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 to a bed or wheelchair, or as a patient in a hospital, or other similar institution. Attach a statement from the attending physician certifying this information.
- d)** The other person was not capable of caring for children because of a mental or physical infirmity, and this situation is likely to continue for an indefinite period. Attach a statement from the attending physician certifying this information.
- e)** The other person was confined to a prison or similar institution for a period of at least two weeks.
- f)** You and your spouse or common-law partner were, due to a breakdown in your relationship, living separate and apart at the end of 2008 and for a period of at least 90 days beginning in 2008, but you reconciled before March 1, 2009.

Line 4 (in Part B)	_____	× 2.5% =	_____	10
Multiply the amount on line 10 by the number of months in 2008 that the situation in a) existed (other than a month that includes a week that any of the situations in b) to f) existed).	_____		_____	11
Multiply the amount on line 10 by the number of weeks in 2008 that any of the situations in b) to f) existed.	_____	+	_____	12
Add lines 11 and 12.			6798 =	13

Enter the amount from line 7 (in Part B) or line 13, whichever is **less**.

If you attended school in 2008, go to Part D.

Otherwise, enter this amount on line 214 of your return.

Your allowable deduction

_____	14
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Part D – Were you enrolled in an educational program in 2008?

Complete Part D if, at any time in 2008, either of the following situations applied to you:

- You were the **only person** making a claim, line 7 equals line 6 in Part B, and you were enrolled in a program (see "Educational program" on the attached sheet).
- You were the **person with the higher net income**, line 7 equals line 6 in Part B, and, at the same time in 2008, you **and another person** (as described under "Who can claim child care expenses?" on the attached sheet) were enrolled in a program (see "Educational program" on the attached sheet). **But first, complete Part C.**

Part D does not apply to the person with the lower net income, since the other person will claim this part of the deduction for both of them.

Line 4 (in Part B)	_____	× 2.5% =	_____	15
Multiply the amount on line 15 by the number of weeks in 2008 during which you were enrolled in a full-time educational program. If there was another person (as described under "Who can claim child care expenses?"), he or she must also have been enrolled in a full-time educational program during the same weeks .	_____		_____	16
Multiply the amount on line 15 by the number of months (other than any month that includes a week used to calculate the amount on line 16) in 2008 during which:	_____		_____	17
<ul style="list-style-type: none"> there was no other person (as described under "Who can claim child care expenses?" on the attached sheet) and you were enrolled in a part-time educational program; or you and the other person were enrolled in a full-time or part-time educational program during the same months. 	_____	+	_____	17
Add lines 16 and 17.			6801 =	18

Line 4 (in Part B) minus line 9 (in Part B) or line 14 (in Part C), whichever applies to you	_____	19
Line 5 (in Part B) minus line 9 (in Part B) or line 14 (in Part C), whichever applies to you	_____	20

Enter your net income (not including amounts on lines 214 and 235).	_____	× $\frac{2}{3}$ =	_____	21
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If you completed Part C: Line 13 (in Part C) minus line 6 (in Part B)	_____	22
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Enter the amount from line 18, 19, 20, 21, or (if it applies) 22, whichever is least .	_____	23		
Enter the amount from line 9 (in Part B) or line 14 (in Part C), whichever applies to you.	_____	+	_____	24
Add lines 23 and 24. Enter this amount on line 214 of your return.		Your allowable deduction	_____	25