

## ***Credit = Credit % \* Employment Related Expenses***

<b>Working Family Household and Dependent Care Expenses Credit</b>		
	<b>Current Law</b>	<b>HB 2721</b>
<b>Who/What</b>	<ul style="list-style-type: none"> <li>• Taxpayers with AGI of 0% - 300% of federal poverty level</li> <li><u>Students</u></li> <li>• Married f/jointly: Yes, can claim credit, per IRC, spouse that is a student receives imputed income of \$250 or \$500 per each month spouse if full-time student</li> <li>• Single filer: Yes, can claim credit, must be enrolled as full or part time student. No imputed income</li> </ul>	<ul style="list-style-type: none"> <li>• Expand ability to qualify for credit</li> <li>• Expansion primarily affects: low income full and part-time students whether married or unmarried.</li> </ul>
<b>Expenses</b>	<p><u>Employment related expenses:</u></p> <ul style="list-style-type: none"> <li>• Type allowed by Internal Revenue Code (IRC) section 21</li> <li>• For care of a qualifying individual that allow a taxpayer to seek employment or to attend school on a full-time or part-time basis (part-time applicable to non-married taxpayer)</li> <li>• Expenses incurred to enable taxpayer to be gainfully employed                             <ul style="list-style-type: none"> <li>○ Expenses for care of qualifying individual</li> <li>○ Expenses for household services</li> </ul> </li> </ul>	<p><u>Employment related expenses:</u></p> <ul style="list-style-type: none"> <li>• Combination of earned income and imputed income                             <ul style="list-style-type: none"> <li>○ <u>Imputed Income</u> is for students                                     <ul style="list-style-type: none"> <li>▪ \$1,000 per qualified month per student for 1 qualifying individual   \$2,000 for 2 or more qualifying individuals</li> <li>▪ Qualified month= month when student is full/part time degree seeking</li> </ul> </li> </ul> </li> </ul>
<b>Percentage</b>	Percentage determined using Oregon statutory table. Function of greater of: federal adjusted gross income (FAGI) or Oregon adjusted gross income (OAGI) (greater of two) as a percentage of Federal Poverty Level (FPL)	Student's with AGI as a percentage of federal poverty level ≤ 110% receive highest possible credit percentage per existing law age parameters
<b>Limits</b>	<p>1) Credit not allowed to taxpayer with FAGI or OAGI &gt; 300% of FPL</p> <p>2) Limits on employment related expenses (least of):</p> <ul style="list-style-type: none"> <li>• Expenses may not exceed \$12,000 for 1 qualifying individual or \$24,000 for 2 or more</li> <li>• Earned income taxable by OR</li> <li>• Lesser amount of earned income taxable by OR earned by each spouse, if reported on joint return (includes spousal student's imputed income if applicable)</li> <li>• Amounts reduced by applicable dependent care assistance programs (IRC Section 129, employer provided programs)</li> </ul>	<ul style="list-style-type: none"> <li>• Student must be degree seeking enrolled student for which a student is qualified for student financial aid (qualified for, not necessarily receiving/taking financial aid)</li> </ul>

Greater of Federal  
or Oregon Adjusted  
Gross Income, as  
Percentage of Federal  
Poverty Level

Applicable percentage based on age of youngest  
qualifying individual on January 1 of tax year

Greater than	Less than or equal to	Under 3 years	At least 3 years but less than 6	At least 6 years but less than 13, or at least 13 but less than 18 if disabled	18 years or older if disabled
0%	10%	10%	8%	5%	5%
10%	20%	20%	18%	15%	5%
20%	30%	30%	28%	25%	10%
30%	40%	40%	38%	35%	20%
40%	50%	50%	48%	45%	30%
50%	60%	55%	53%	50%	35%
60%	70%	60%	58%	55%	40%
70%	80%	65%	63%	60%	45%
80%	90%	70%	68%	65%	50%
90%	110%	75%	73%	70%	55%
110%	120%	71%	69%	66%	50%
120%	130%	66%	64%	61%	45%
130%	140%	61%	59%	56%	39%
140%	150%	55%	53%	50%	33%
150%	160%	50%	48%	45%	28%
160%	200%	47%	45%	42%	25%
200%	210%	45%	43%	40%	22%
210%	220%	40%	38%	35%	20%
220%	230%	35%	33%	30%	15%
230%	240%	30%	28%	25%	10%
240%	250%	20%	18%	15%	5%
250%	260%	10%	8%	5%	5%
260%	280%	6%	6%	4%	4%
280%	300%	4%	4%	4%	4%
300%	-	0%	0%	0%	0%