

Sample Tax Return for a Beginning Small Farm with a Value-Added Business

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2011 Form 2441, Child and Dependent Care Expenses

The Hopefulls entered both of their names on the first line but only I.M.'s SSN because they identified him and as the taxpayer on their Form 1040.

Part I Persons or Organizations Who Provide the Care

Line 1: The Hopefulls entered the care provider's name, address, and employer identification number; and \$1,800 they paid for Mia's care.

Part II Credit for Child and Dependent Care Expenses

Line 2: The Hopefulls entered Mia's name and SSN and the \$1,800 they paid for her care.

Line 3: Because the Hopefulls paid less than the \$3,000 limit for expenses for one child, they enter \$1,800 as calculated in on line 31 of Part III, Dependent Care Benefits, on page 2 of Form 2441.

Line 4: The Hopefulls calculated I.M.'s \$11,092 of earned income by adding his \$7,000 from wages and his \$4,432 of net earnings from self-employment from line 6 of Section B of Schedule SE (Form 1040) and subtracting the \$340 they deducted on line 27 of Form 1040 for part of I.M.'s social security tax.

Line 5: The Hopefulls entered Sheeza's \$45,000 of wages.

Line 6: The Hopefulls entered \$1,800, which is the least of lines 3, 4, and 5.

Line 7: The Hopefulls entered their \$40,274 AGI as reported on line 38 of Form 1040.

- Line 8: The Hopefulls entered the 0.22 decimal amount from the table in the line 8 instructions for AGI between \$39,000 and \$41,000.
- Line 9: The Hopefulls calculated their \$396 credit by multiplying line 6 by line 8.
- Line 10: The Hopefulls entered their \$1,668 income tax liability from line 46 of the 2011 Form 1040.
- Line 11: The Hopefulls entered the smaller of lines 9 and 10 and carried the \$396 credit to line 48 of Form 1040, discussed earlier.