

ADMINISTRATIVE RULE REVIEW

	Rule No. 150-315-0082	
Repealed Rule	Page Page 1 of 2	Last Revised Date October 19, 2016
	NOTICE OF INTENDED ACTION	
Permanent Rule	Bulletin Dated November 2016	Hearing Scheduled November 22, 2016

PURPOSE: The Dependent Care credit provided in ORS 315.204 sunset and may not be claimed for tax years beginning on or after January 1, 2016. Therefore, this rule is no longer necessary.

1 **150-315-0082 [Repealed 12/31/2016]**

2 **~~Dependent Care Assistance Credit~~**

3 ~~As used in this rule, references to the Internal Revenue Code mean the code as in effect on the date~~  
4 ~~specified in ORS 316.012.~~

5 ~~(1) Qualifications. To qualify for this credit, the following requirements must be met:~~

6 ~~(a) The assistance must be provided to an employee pursuant to a program which meets the requirements~~  
7 ~~of Internal Revenue Code (IRC) Section 129(d).~~

8 ~~(b) In the case of an on-site facility, the credit shall be based upon the value of the services actually~~  
9 ~~provided to the dependents of employees. The value of services provided to dependents of nonemployees~~  
10 ~~shall not be included. In determining the value of services actually provided to dependents of employees,~~  
11 ~~the employer shall use the actual direct and indirect costs, or a fair market value amount.~~

12 ~~(c) The provider of the dependent care cannot be the spouse, a dependent, or a child under age 19 of the~~  
13 ~~employee.~~

14 ~~(d) Dependent care assistance funded by a salary reduction cannot be included in the computation of the~~  
15 ~~credit. If assistance is provided by both a salary reduction and an employer contribution, only that portion~~  
16 ~~of the assistance provided by the employer contribution shall qualify for the credit.~~

17 ~~(e) Only amounts paid or incurred for dependent care assistance services performed in Oregon are~~  
18 ~~eligible for the credit.~~

19 ~~(f) The individual receiving the dependent care must meet the requirements of IRC 21(b)(1).~~

20 ~~(2) Computation of the Credit. The credit is equal to 50% of the qualifying expenses paid or incurred by~~  
21 ~~the employer. However, no more than \$5,000 paid or incurred for the care of the dependents of each~~  
22 ~~employee can be included for the purpose of this computation.~~

23 ~~Example. In 1988, Employer A reimburses three employees for the cost of dependent care services~~  
24 ~~provided to the employees' qualifying dependents. The amount reimbursed is based upon the number of~~

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~~each employee's dependents receiving dependent care services. Assuming that Employer A otherwise qualifies for the credit, the allowable dependent care assistance credit is computed as follows:  
Example. In 1988, Employer A reimburses three employees for the cost of dependent care services provided to the employees' qualifying dependents. The amount reimbursed is based upon the number of each employee's dependents receiving dependent care services. Assuming that Employer A otherwise qualifies for the credit, the allowable dependent care assistance credit is computed as follows:~~

<del>Employee:</del>	<del>X</del>	<del>Y</del>	<del>Z</del>	<del>TOTAL</del>
<del>Reimbursement</del>	<del>\$5,000</del>	<del>\$2,000</del>	<del>\$6,000</del>	<del>\$13,000</del>
<del>Credit is lesser of:</del>				
<del>— a. 50% of cost, or</del>	<del>\$2,500</del>	<del>\$1,000</del>	<del>\$3,000</del>	
<del>— b. \$2,500</del>	<del>\$2,500</del>	<del>\$2,500</del>	<del>\$2,500</del>	
<del>Allowable credit</del>	<del>\$2,500</del>	<del>\$1,000</del>	<del>\$2,500</del>	<del>\$6,000</del>

~~(3) An employer must reduce deductions claimed on the employer's tax return by the dollar amount of the dependent care assistance credit allowed. In the example above, Employer A must reduce deductions for Oregon tax purposes by \$6,000.~~

~~Stat. Auth.: ORS 305.100~~

~~Stats. Implemented: ORS 315.204~~