

## Practice with case studies

### Families

# Claiming child care expenses (special cases)

## Pre-test question

Select **True** or **False**

The individual and their spouse or common-law partner may choose to claim the child care deduction on either of their tax returns.

True

**Sorry, that's incorrect**

The spouse with the lower net income must claim the deduction for child care expenses, unless there exists a special situation as described on form T778 Child Care Expenses Deduction.

False

**That's correct**

The spouse with the lower net income must claim the deduction for child care expenses, unless there exists a special situation as described on form T778 Child Care Expenses Deduction.

## Instructions

1. Open the tax software
2. Review **Background information** and **Required slips** (tax slips, receipts, etc.)
3. Provide all required information for the appropriate sections of the tax software
4. Once completed, compare your results with the solution provided
5. Afterwards, refer to the **Takeaway points**

## Background information

### Situation

Ryan lives with his wife Jessica and their two children, Jace and Jackie. Although Ryan worked full time at the beginning of the year, he was hospitalized on February 20, 2023 and was not discharged until August 28, 2023. He soon returned to work part time while his wife continued to work full time as a grocery store manager. During this time, their two children attended daycare.

## Identification information

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<b>Name</b>	<b>Ryan Samson</b>
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Social insurance number (SIN)	000 000 000
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Address	123 Main Street City, Province X0X 0X0
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Date of birth (DOB)	November 15, 1983
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Marital status	Married to: <b>Jessica Samson</b> on August 2, 2014 SIN: 000 000 000 DOB: September 10, 1984
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Number of children (2)	Son: <b>Jace Samson</b> DOB: May 22, 2016 Daughter: <b>Jackie Samson</b> DOB: June 22, 2017
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# Required slips

## T4 – Statement of Remuneration Paid (For Ryan)

Employer's name – Nom de l'employeur <b>Paint colours Inc.</b>		Canada Revenue Agency / Agence du revenu du Canada		<b>T4</b> Statement of Remuneration Paid / État de la rémunération payée	
Year / Année		Employment Income / Revenus d'emploi		Income tax deducted / Impôt sur le revenu retenu	
14		16,000.00		22	
54 Employer's account number / Numéro de compte de l'employeur		10 Province of employment / Province d'emploi		16 Employee's CPP contributions – see over / Cotisations de l'employé au RPC – voir au verso	
12 Social insurance number / Numéro d'assurance sociale		28 Exempt – Exemption / CPP/QPP EI PPIP / RPC/RRQ AE RPAP		24 EI insurable earnings / Gains assurables d'AE	
000000000		29 Employment code / Code d'emploi		26 CPP/QPP pensionable earnings / Gains ouvrant droit à pension – RPC/RRQ	
Employee's name and address – Nom et adresse de l'employé		17 Employee's QPP contributions – see over / Cotisations de l'employé au RRQ – voir au verso		18 Employee's EI premiums / Cotisations de l'employé à l'AE	
Last name (in capital letters) – Nom de famille (en lettres moulées) / First name – Prénom / Initial – Initiale		20 RPP contributions / Cotisations à un RPA		44 Union dues / Cotisations syndicales	
SAMSON RYAN		52 Pension adjustment / Facteur d'équivalence		46 Charitable donations / Dons de bienfaisance	
123 Main Street / City, Province X0X 0X0		55 Employee's PPIP premiums – see over / Cotisations de l'employé au RPAP – voir au verso		50 RPP or DPSP registration number / N° d'agrément d'un RPA ou d'un RPDB	
		56 PPIP insurable earnings / Gains assurables du RPAP			
Other information (see over)		Amount – Montant		Amount – Montant	
Autres renseignements (voir au verso)		Amount – Montant		Amount – Montant	

### T4 – Statement of Remuneration Paid (For Jessica)

Employer's name – Nom de l'employeur <b>Smart produce Inc.</b>		Canada Revenue Agency Agence du revenu du Canada		<b>T4</b> <b>Statement of Remuneration Paid</b> <b>État de la rémunération payée</b>	
		Year / Année: <input style="width: 50px;" type="text"/>			
54 Employer's account number / Numéro de compte de l'employeur <input style="width: 100%; height: 20px;" type="text"/>		14 Employment income / Revenus d'emploi 34,000.00		22 Income tax deducted / Impôt sur le revenu retenu 1,800.00	
12 Social insurance number / Numéro d'assurance sociale 000000000		10 Province of employment / Province d'emploi <input style="width: 20px;" type="text"/>		16 Employee's CPP contributions – see over / Cotisations de l'employé au RPC – voir au verso 200.00	
28 Exempt – Exemption CPP/QPP EI PPIP RPC/RRQ AE RPAP		29 Employment code / Code d'emploi <input style="width: 20px;" type="text"/>		24 EI insurable earnings / Gains assurables d'AE 34,000.00	
Employee's name and address – Nom et adresse de l'employé Last name (in capital letters) – Nom de famille (en lettres moulées) First name – Prénom Initial – Initiale <b>SAMSON JESSICA</b> 123 Main Street City, Province X0X 0X0		17 Employee's QPP contributions – see over / Cotisations de l'employé au RRQ – voir au verso 34,000.00		26 CPP/QPP pensionable earnings / Gains ouvrant droit à pension – RPC/RRQ 34,000.00	
18 Employee's EI premiums / Cotisations de l'employé à l'AE 230.00		44 Union dues / Cotisations syndicales 0.00		46 Charitable donations / Dons de bienfaisance 0.00	
20 RPP contributions / Cotisations à un RPA 0.00		52 Pension adjustment / Facteur d'équivalence 0.00		50 RPP or DPSP registration number / N° d'agrément d'un RPA ou d'un RPDB 0.00	
55 Employee's PPIP premiums – see over / Cotisations de l'employé au RPAP – voir au verso 0.00		56 PPIP insurable earnings / Gains assurables du RPAP 0.00			
Other information (see over) Box – Case Amount – Montant		Box – Case Amount – Montant		Box – Case Amount – Montant	
Autres renseignements (voir au verso) Box – Case Amount – Montant		Box – Case Amount – Montant		Box – Case Amount – Montant	

## Over the Rainbow Daycare receipt

Over the Rainbow Daycare

123 First St  
City, Province X0X 0X0  
Tel no.: 476-123-4567  
Business no.: 11111111RT0001

January 25, 2024

To whom it may concern:

Ryan Samson and Jessica Samson paid the following amount in 2023 for child care services for their children:

Jace Samson (son) = \$2,500.00  
Jackie Samson (daughter) = \$2,500.00

The child care fees mentioned above are for the period of January 2023 to December 2023.

Please contact me if you have any questions.

Sincerely,

*Rebecca Smith*

Rebecca Smith  
Program Supervisor

## Takeaway points

### Steps to follow

1. Review their background information and required slips
2. Click **add spouse** next to the **Family Head** (Ryan Samson) tab
3. Click **T4 and employment income** in the left-side menu, then click the + sign next to **T4 income (earned in any province except Quebec)** and enter the required information for each individual
4. Click **add dependant** next to the **Jessica Samson** tab to add each dependant
5. In the profile of each child, click on **Dependant ID** in the left-side menu and complete the **Dependant Identification** section for each child
6. Click **Child care** in the left-side menu of each dependant's profile, then click the + sign next to the type of child care expenses to enter the amount paid for that child

7. Using the profile for the individual with the higher net income, click **Interview setup** in the left-side menu, then tick the box next to **Child care (special cases)** in the **Parents and children** section
8. Click **Child care (special cases)** from the left-side menu and click the + sign next to **A special situation allows you to claim child care expenses even though your earnings are higher than your spouse's**
9. Enter the number of weeks during the year that any of the special cases listed apply to their situation

The tax software calculates how much of the child care expenses may be claimed on the tax return for the individual with the higher net income. If any remaining amounts may be claimed on the tax return for the individual with the lower net income, the tax software automatically claims them based on the information provided.

When no special situation applies, the tax software automatically determines which individual claims the deduction.

Although Jessica has the higher net income, she claims the full amount of the child care deduction since Ryan was temporarily hospitalized.

For more information, refer to [UFile instructions](#).

# Review your results

Federal		
	Jessica Samson	Ryan Samson
<b>◆ Total income</b>		
<b>11100</b> Employment income	\$34,000.00	\$16,000.00
<b>15000</b> Total income	\$34,000.00	\$16,000.00
<b>◆ Net income</b>		
<b>21400</b> Child care expenses (T778)	\$5,000.00	\$0.00
<b>22215</b> Deduction for CPP and QPP enhanced contributions	\$33.61	\$25.21
<b>23600</b> Net income	\$28,966.39	\$15,974.79
<b>◆ Taxable income</b>		
<b>26000</b> Taxable income	\$28,966.39	\$15,974.79
<b>◆ Non refundable tax credits</b>		
<b>30000</b> Basic personal amount	\$15,000.00	\$15,000.00
<b>30800</b> CPP or QPP contributions through employment	\$166.39	\$124.79
<b>31200</b> Employment Insurance premiums through employment	\$230.00	\$190.00
<b>31260</b> Canada employment amount	\$1,368.00	\$1,368.00
<b>33500</b> Total	\$16,764.39	\$16,682.79
<b>33800</b> Total @ 15%	\$2,514.66	\$2,502.42
<b>35000</b> Non refundable tax credits	\$2,514.66	\$2,502.42
<b>◆ Refund or balance owing</b>		
<b>42900</b> Basic federal tax	\$1,830.30	\$0.00
<b>40500</b> Federal foreign tax credit (T2209)	\$0.00	\$0.00
<b>40600</b> Federal tax	\$1,830.30	\$0.00
<b>41700</b> Line 40600 - 41600	\$1,830.30	\$0.00
<b>42000</b> Net federal tax	\$1,830.30	\$0.00
<b>42800</b> Provincial or territorial tax	\$300.00	\$0.00
<b>43500</b> Total payable	\$2,130.30	\$0.00
<b>43700</b> Total income tax deducted	\$1,800.00	\$900.00
<b>◆ Payments and credits</b>		
<b>45300</b> Canada workers benefit (CWB) (schedule 6)	\$2,434.77	
<b>47900</b> Provincial or territorial credits	\$2,750.00	
<b>48200</b> Total credits	\$6,984.77	\$900.00
<b>48400</b> Refund	\$4,854.47	\$900.00