

# EMPLOYER CHILDCARE TAX CREDIT

## FEDERAL CHILDCARE ASSISTANCE TAX CREDIT

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- *The Federal Employer-Provided Childcare Credit (45F) encourages employer to be part of community childcare solutions through reimbursement of a portion of the cost of providing childcare.*

### WHO IS ELIGIBLE:

- All privilege taxpayers who are employers (C-corps, S-corps, partnerships, LLCs, other pass-through entities).

### QUALIFYING EXPENSES

- Costs associated with acquiring, constructing, rehabilitating, or expanding property used for a qualified child care facility.
- Operating costs of a qualified child care facility.
- Costs incurred under a contract with a qualified child care facility to provide child care services to employees.
- Payments made through third-party intermediaries contracting with qualified child care providers.
- Qualified resource and referral expenditures, which are the costs incurred to help employees find child care services (the credit for these expenses is 10%).

### AMOUNT OF CREDIT

- The Working Families Tax Cut Act increased the credit percentage to 40% (previously 25%) for most employers and 50% for eligible small businesses.
- The maximum annual credit has been increased to \$500,000 (previously only \$150,000) and up to \$600,000 for eligible small businesses.

### IMPROVED FLEXIBILITIES

- The credit can now be claimed for payments made through third-party intermediaries who contract with qualified child care providers. The credit also explicitly permits its use for jointly owned or operated child care facilities.

*Participating businesses can provide childcare onsite or contract with local childcare facilities. They can also work through with third-party intermediaries to contract with one or more childcare facility or provider.*

*For more information, scan here:*



# EMPLOYER CHILDCARE TAX CREDIT

## KANSAS CHILDCARE ASSISTANCE TAX CREDIT

### WHO IS ELIGIBLE

- All privilege taxpayers who are employers (C-corps, S-corps, partnerships, LLCs, other pass-through entities).

### QUALIFYING EXPENSES

- **Category 1: Expenses related to the provision of child care for an organization's employees**
  - Paying for childcare for employees
  - Establishing or expanding a child care program that is primarily used by employees
  - Paying for referral services that connect employees to childcare providers
  - Collaborative childcare investment (with other employers)
- **Category 2: Employer/Business contributions to a third party that expands the availability of community childcare options**
  - Establishing or expanding a childcare program, including support to establish or maintain licensing
  - Enabling a program to purchase learning materials or play equipment
  - Professional development for childcare staff
  - Childcare tuition assistance for families in need
  - Referral services that connect families to childcare providers

Community Childcare is defined as a for profit or not for profit provider of childcare services open at least 9 hours per day and located within 45 miles of the employer, or employers offices, seeking the credit

### AMOUNT OF CREDIT

- **Category 1:** 75% up to \$100,000
- **Category 2:**
  - 75% up to \$100,000 if the recipient accepts and serves children/families with child care subsidy
  - 50% up to \$100,000 if the recipient does not accept/serve children/families with childcare subsidy

### REFUNDABILITY

- The tax credit is no longer refundable. However, it contains a three year carry forward. A carryforward tax credit allows taxpayers to apply unused tax credits from a current tax year to future tax years, reducing future liability when credits exceed the current year's tax limit.

### CONTACT

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