

California

Credit Name: Child and Dependent Care Expenses Credit

Type of Provision: Nonrefundable Tax Credit

Calculation: A percentage, based on federal Adjusted Gross Income (AGI), of the allowable federal Child and Dependent Care Tax Credit, regardless of whether the family had federal tax liability, but only for care provided in California

| Household Federal AGI ¹ | Percentage of Federal Credit | Maximum Value: 1 Child/Dependent | Maximum Value: 2+ Children/Dependents |
|------------------------------------|------------------------------|----------------------------------|---------------------------------------|
| \$40,000 or less | 50% | \$525 | \$1,050 |
| \$40,001 - \$70,000 | 43% | \$284 | \$568 |
| \$70,001 - \$100,000 | 34% | \$204 | \$408 |
| Over \$100,000 | 0% | \$0 | \$0 |

Maximum Value:

- One Child/Dependent: \$525
- Two or More Children/Dependents: \$1,050

Income Cutoff: over \$100,000

Family Illustrations:



A woman who has an income of \$30,000, is raising an infant on her own, and pays \$10,609 in child care expenses could receive a maximum credit of \$405, depending on her tax liability.²



A married couple with both parents employed full-time in low-wage jobs (paying \$11.50/hour) that has an income of \$47,840, has an infant and a four-year-old, and pays \$20,593 in child care expenses, could receive a maximum credit of \$516, depending on their tax liability.

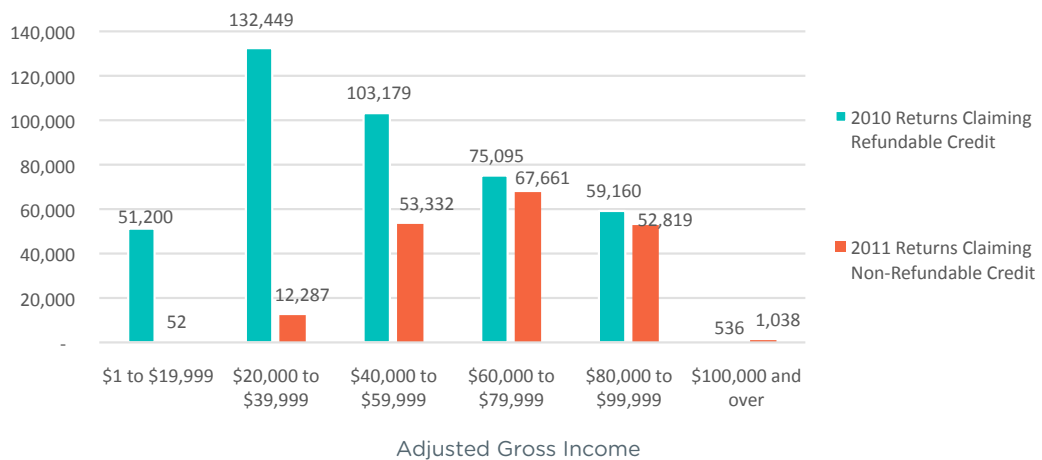
*Access the methodology for these calculations [here](#).

- 1 "Household AGI" refers to the AGI of the tax filing unit, regardless of whether the unit is a married couple or a single tax filer.
- 2 Because the credit is nonrefundable, the credit amount cannot exceed the family's state tax liability. For example, if the mother in the first illustration has a tax liability of \$50, then she could only receive a credit of \$50.

While there are numerous options to improve this provision, impactful changes would include:

- Restoring the credit’s refundability that was eliminated after Tax Year 2010 so that low-income families with little or no state income tax liability can take full advantage of the credit.
- Increasing the percentage of the federal credit used to calculate the state credit, to provide more help to families.

Number of Returns Claiming the California Child and Dependent Care Expenses Credit



Source: NWLC Calculations based on State of California Franchise Tax Board Open Data Portal