New Mexico

**Credit Name:** Child Day Care Credit

**Type of Provision:** Refundable Tax Credit

**Calculation:** 40 percent of compensation the family paid to a caregiver for a qualifying dependent under age 15, up to a maximum credit of $480 for each qualifying dependent or a total of $1,200 for all qualifying dependents

**Maximum Value:**
- One Child/Dependent: $480
- Two Children/Dependents: $960
- Three or More Children/Dependents: $1,200

**Income Cutoff:** none

**Family Illustrations:**

A woman who has an income of $30,000, is raising an infant on her own, and pays $6,684 in child care expenses could receive a maximum credit of $480.

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 $13,032 in child care expenses, could receive a maximum credit of $960.

*Access the methodology for these calculations here.*

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

- Increasing the percentage of expenses used to calculate the credit in order to increase the maximum value of the credit and provide more help to families.
- Eliminating the restrictions on expenses and credit amounts.

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1 Nonresidents cannot claim this credit.
2 Compensation is limited to $8 per day, per child.
3 The credit amount is reduced, for tax filers with federal tax liability, by the amount of the tax filer’s federal Child and Dependent Care Tax Credit (CDCTC) used to offset federal tax liability.