

Minnesota

Credit Name: Child and Dependent Care Tax Credit

Type of Provision: Refundable Tax Credit

Calculation: A percentage, based on federal Adjusted Gross Income (AGI), of the allowable federal Child and Dependent Care Tax Credit (CDCTC), regardless of whether the family had federal tax liability

Sample Household Federal AGI ¹	Percentage of Federal Credit	Maximum Value: 1 Child/Dependent	Maximum Value: 2+ Children/Dependents
\$52,230 or less	100%	\$1,050	\$2,100
\$55,000	100%	\$462*	\$1,062*
\$60,000	100%	\$212*	\$812*
\$64,230	100%	\$0*	\$600*
\$76,230 and over	0%	\$0*	\$0*

*Families with federal AGI over \$52,230 receive a credit that is the lesser of (a) 100 percent of the federal CDCTC received or (b) \$600 minus five percent of federal AGI in excess of \$50,000 for taxpayers with one qualifying children or dependents, or \$1,200 minus five percent of federal AGI in excess of \$52,230 for taxpayers with two or more qualified children or dependents.

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. These AGI ranges are adjusted each year for inflation.

Eligible Expenses:

- Maximum of \$3,000 for one child/dependent or \$6,000 for two or more children/dependents (same as federal CDCTC)
- “Deemed” expenses
 - Licensed family child care home operators may claim the Minnesota credit for their own children, under age six and cared for in their family child care home, even if they have not incurred actual employment-related expenses for that care.
 - If the child is 16 months of age or younger, then the amount of expenses deemed to have been paid is \$3,000.
 - If the child is older than 16 months but under age six, then the amount of expenses deemed to have been paid is the amount the licensee would charge for the care of a child of the same age for the same number of hours.
 - Married couples may claim the Minnesota credit based on deemed expenses of the lesser of \$3,000 or the couple’s combined earned income for a child under age one at the end of the tax year, even if the couple has not incurred actual employment-related expenses for that child.

Maximum Value

- One Child/Dependent: \$1,050
- Two or More Children/Dependents: \$2,100

Income Cutoff: \$76,230

Family Illustrations:



A woman who has an income of \$30,000, is raising an infant on her own, and pays \$8,424 in child care expenses could receive a maximum credit of \$810.



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 \$16,068 in child care expenses, could receive a maximum credit of \$1,200.

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

Because the Minnesota legislature recently changed this credit, it is premature to make further recommendations for improvements.