

District of Columbia

Credit Name: Credit for Child and Dependent Care Expenses

Type of Provision: Nonrefundable Tax Credit¹

Calculation: 32 percent of the allowable [federal Child and Dependent Care Tax Credit](#), regardless of whether the family had federal tax liability

Maximum Value:

- One Child/Dependent: \$336
- Two or More Children/Dependents: \$672

Income Cutoff: none

Family Illustrations:



A woman who has an income of \$30,000, is raising an infant on her own, and pays \$16,737 in child care expenses could receive a maximum credit of \$259, 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 \$31,030 in child care expenses, could receive a maximum credit of \$384, depending on their tax liability.

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

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

- Making the credit refundable 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 increase the maximum value of the credit and provide more help to families.

¹ This credit was created in Tax Year 2018 and was called the “Early Learning Tax Credit,” then renamed to the “Keep Child Care Affordable Tax Credit” for Tax Years 2019 and beyond when the D.C. Council made it a permanent credit in 2019.

² Only non-reimbursed payments to a D.C. licensed child development facility are eligible expenses for this credit. A child receiving any child care subsidies is excluded from the credit.

District of Columbia

Credit Name: Keep Child Care Affordable Tax Credit³

Type of Provision: Refundable Tax Credit

Calculation: The amount of all eligible child care expenses⁴ for care of a dependent under age four by September 30 of the taxable year, up to \$1,000 per eligible child⁵

Maximum Value: \$1,000 per eligible child

Income Cutoff: over \$150,000 (\$75,000 for married/registered domestic partners filing separately)

Family Illustrations:



A woman who has an income of \$30,000, is raising an infant on her own, and pays \$16,737 in child care expenses could receive a maximum credit of \$1,000.



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 \$31,030 in child care expenses, could receive a maximum credit of \$1,000.

Because the D.C. Council recently changed this credit, it is premature to make further recommendations for improvements.

³ This credit was created in Tax Year 2018 and was called the “Early Learning Tax Credit,” then renamed to the “Keep Child Care Affordable Tax Credit” for Tax Years 2019 and beyond when the D.C. Council made it a permanent credit in 2019.

⁴ Only non-reimbursed payments to a D.C. licensed child development facility are eligible expenses for this credit. A child receiving any child care subsidies is excluded from the credit.

⁵ The per eligible child credit limit will be increased each year after Tax Year 2019 under a cost-of-living adjustment.