



**NATIONAL
WOMEN'S
LAW CENTER**

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Making Care Less Taxing: State Child and Dependent Care Tax Provisions, Tax Year 2021

Child and dependent care expenses can take a huge bite out of families' budgets. While not a substitute for greatly expanded investments in direct child care assistance, the federal **Child and Dependent Care Tax Credit** and similar state tax provisions can help eligible families offset their out-of-pocket child and dependent care expenses. These tax provisions can lower the income taxes that families pay and, in some cases, give cash refunds to families whose incomes are too low to owe taxes.

For tax year 2021, the American Rescue Plan Act (ARPA) [expanded](#) the federal [Child and Dependent Care Tax Credit](#) to help families cover out-of-pocket child care costs. This tax season, families who paid for child or dependent care in 2021 can receive up to \$8,000 dollars as a refund from the credit. And because many state child and dependent care provisions are linked to the federal credit, many states are also providing bigger tax benefits for families for 2021.

Twenty-nine states (including the District of Columbia) have child and dependent care tax provisions, most of which are based in some way on the federal credit. Fifteen of those states offer refundable credits (listed in bold), and seventeen states have tax provisions that are temporarily expanded this year because of ARPA (noted with asterisk).

State Tax Provision ¹	Maximum Value
Arkansas Child Care Credit	\$420
Arkansas Early Childhood Program Credit²	\$420
California Child and Dependent Care Expenses Credit	\$1050
Colorado Child Care Expense Tax Credit^{3*}	\$4000
Colorado Low-Income Child Care Expenses Credit	\$1000
Delaware Child Care Credit ^{4*}	\$4000
District of Columbia Credit for Child and Dependent Care Expenses*	\$2560
District of Columbia Keep Child Care Affordable Tax Credit	\$1020 (PER ELIGIBLE CHILD)

State Tax Provision	Maximum Value
Georgia Child and Dependent Care Expense Credit*	\$2400
Hawaii Credit for Child and Dependent Care Expenses	\$1200
Idaho Tax Subtraction for Child and Dependent Care Expenses	\$390
Iowa Child and Dependent Care Credit^{5*}	\$3000
Kansas Credit for Child and Dependent Care*	\$2000
Kentucky Child and Dependent Care Credit	\$420
Louisiana Child Care Credit^{6*}	\$4000
Louisiana Child Care Expense Credit^{7*}	\$8000
Maine Child Care Credit^{8*}	\$4000
Maine Adult Dependent Care Credit⁹	\$525
Maryland Credit for Child and Dependent Care Expenses^{10*}	\$2560
Maryland Child and Dependent Care Expenses Subtraction	\$345
Massachusetts Tax Deduction for Child and Dependent Care Expenses	\$480
Minnesota Child and Dependent Care Credit	\$2100
Montana Child and Dependent Care Expense Deduction ¹¹	\$180 FOR 2 CHILDREN OR DEPENDENTS, \$192 FOR 3 OR MORE
Nebraska Credit for Child and Dependent Care Expenses*	\$8000
New Jersey Child and Dependent Care Credit*	\$4000
New Mexico Child Day Care Credit¹²	\$960 FOR 2 CHILDREN OR DEPENDENTS, \$1,200 FOR 3 OR MORE
New York Child and Dependent Care Credit	\$2310
Ohio Child Care and Dependent Care Credit*	\$8000
Oklahoma Child Care Tax Credit ^{13*}	\$1600
Oregon Working Family Household and Dependent Care Credit¹⁴	\$18000
Rhode Island Credit for Child and Dependent Care Expenses*	\$2000
South Carolina Credit for Child and Dependent Care	\$420
Vermont Credit for Child and Dependent Care Expenses ^{15*}	\$1920
Vermont Low-Income Child and Dependent Care Credit^{16*}	\$4000
Virginia Deduction of Child and Dependent Care Expenses*	\$920
Wisconsin Child and Dependent Care Expenses Subtraction	\$459

You can access more information about state child and dependent care tax provisions in NWLC's report, *Making Care Less Taxing*, and additional resources at <https://nwlc.org/resources/mclt/>. If you are interested in introducing or improving a child and dependent care tax provision in your state, or in more information about the federal Child and Dependent Care Tax Credit on which many state credits are based, contact Amy Matsui at amatsui@nwlc.org.

*These state tax provisions have been temporarily expanded for Tax Year 2021 because of ARPA.

- 1** Refundable or partially refundable credits are listed in bold. Credit/deduction names are based on the names on the state tax forms, not statutory provisions.
- 2** In order for a family to claim the refundable portion of this credit, the care expenses must be incurred for children age 5 and under in an approved early childhood program.
- 3** Only child care expenses may be claimed for this credit.
- 4** Child and dependent care expenses may be claimed for this tax credit.
- 5** Eligible families may claim the higher of the child and dependent care tax provision or the state's Early Childhood Development Tax Credit, which is worth up to \$250 per eligible child, but not both.
- 6** Eligible families can claim both of the Louisiana credits.
- 7** Only care expenses for children aged 5 and under enrolled in child care programs rated two stars or higher on Louisiana's Quality Start rating system may be claimed for this credit.
- 8** In order for a family to claim the maximum value of this credit, the expenses must be incurred at nationally accredited child care sites approved by the Maine Department of Health and Human Services. Up to \$500 of the Child Care Credit is refundable.
- 9** Up to \$500 of this credit may be refundable.
- 10** The credit is refundable for families with an Adjusted Gross Income of \$52,100 or less for individuals or \$78,150 or less for married couples filing jointly. Eligible families may claim both Maryland child and dependent care tax provisions.
- 11** Only care expenses for children under age 15 may be claimed for this credit.
- 12** Only care expenses for children under age 15 may be claimed for this credit.
- 13** Eligible families may claim the higher of the child and dependent care tax provision or a credit worth 5% of the federal child tax credit, but not both.
- 14** Only care expenses for children under age 13 or disabled spouses or dependents of any age may be claimed for this credit.
- 15** Eligible families may claim either the Vermont Tax Credit for Child and Dependent Care Expenses or the Vermont Low-Income Child and Dependent Care Tax Credit, but not both.
- 16** Only expenses incurred in child care facilities that are either nationally accredited or rated three or more stars on Vermont's STARS quality rating system may be claimed for this credit.