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Chapter L-15000 Special Incentive Credits

L-17870 Employer's Child Care Assistance Credit.

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¶L-17870 Introduction—Employer's Child Care Assistance Credit.

There is available to employers a credit for certain costs of providing child care assistance to employees. Subject to a \$150,000-per-tax-year limit, the credit is available for (1) 25 percent of certain costs of acquiring, constructing, rehabilitating, expanding or operating a qualified child care facility, (2) 25 percent of certain costs paid or incurred under a contract with a qualified child care facility and (3) 10% of the costs of certain other types of child care assistance.

For the general rules for computing the employer-provided child care credit, see [¶L-17871](#) et seq.

For the effect of the credit on the availability of other tax benefits, see [¶L-17876](#) and [¶L-17877](#).

For recapture of the credit, see [¶L-17878](#).

For how the credit applies to special types of taxpayers, see [¶L-17879](#) et seq.

For the treatment of the credit as part of the general business credit, including the extent to which, as part of the general business credit, the credit (1) is sometimes not fully usable to reduce tax liabilities in the year that it is claimed and (2) can be carried to other tax years if it is not fully usable to reduce tax liabilities in the year that it is claimed, see [¶L-15200](#) et seq.

For the effect after Dec. 31, 2010 on the rules discussed above of sunset provisions contained in Sec. 901, PL 107-16, 6/7/2001, see [¶T-11051](#).

For the deductibility of costs paid or incurred by employers to provide child care assistance to their employees, see [¶L-1207](#).

For the extent to which employees can exclude from their gross income the value of child care assistance received from an employer, see [¶H-1400](#) et seq. For the extent to which the exclusion applies where the assistance is offered as part of a "cafeteria plan," see [¶H-2400](#) et seq., [¶H-2413](#), and [¶H-2438](#) et seq.

For the credit available to individuals for employment-related child care costs, see [¶A-4300](#) et seq.