

# Child Care Consumer Tax Credits

## Federal Child and Dependent Care Credit

- A federal tax credit for the taxpayer if s/he pays someone to care for:
  - A dependent under the age of 13; or
  - A spouse/dependent who is unable to care for themselves
- The credit is up to 35% of eligible expenses
- Eligible expenses are capped at \$3,000 for one child and \$6,000 for two or more

Federal AGI is		Share of eligible expenses allowed	Maximum Credit	
Over:	But not over:		One Dependent	At least Two Dependents
\$0	\$15,000	35%	\$1,050	\$2,100
\$15,000	\$17,000	34%	\$1,020	\$2,040
\$17,000	\$19,000	33%	\$990	\$1,980
\$19,000	\$21,000	32%	\$960	\$1,920
\$21,000	\$23,000	31%	\$930	\$1,860
\$23,000	\$25,000	30%	\$900	\$1,800
\$25,000	\$27,000	29%	\$870	\$1,740
\$27,000	\$29,000	28%	\$840	\$1,680
\$29,000	\$31,000	27%	\$810	\$1,620
\$31,000	\$33,000	26%	\$780	\$1,560
\$33,000	\$35,000	25%	\$750	\$1,500
\$35,000	\$37,000	24%	\$720	\$1,440
\$37,000	\$39,000	23%	\$690	\$1,380
\$39,000	\$41,000	22%	\$660	\$1,320
\$41,000	\$43,000	21%	\$630	\$1,260
\$43,000	No limit	20%	\$600	\$1,200

## Oregon Child and Dependent Care Credit

- An Oregon tax credit for the taxpayer if s/he qualifies for the federal CDC credit
- The credit is up to 30% of eligible expenses

Federal taxable income is		Share of eligible expenses allowed	Maximum Credit	
Over:	But not over:		One Dependent	At least Two Dependents
---	\$5,000	30%	\$900	\$1,800
\$5,000	\$10,000	15%	\$450	\$900
\$10,000	\$15,000	8%	\$240	\$480
\$15,000	\$25,000	6%	\$180	\$360
\$25,000	\$35,000	5%	\$150	\$300
\$35,000	\$45,000	4%	\$120	\$240
\$45,000	---	None	\$0	\$0

## Working Family Child Care Credit (HB 2115 & HB 2091)

- A refundable Oregon tax credit for the taxpayer for qualifying child care expenses
- The child must be under 13 or have a disability defined in ORS 316.099
- Income requirements:
  - Minimum amount of earned income (\$8,550 in 2014)
  - Maximum amount of unearned income (\$3,550 in 2014)
- The credit is up to 40% of eligible expenses
- The credit is phased-out between 200% and 250% of Federal Poverty Level

Household Size 3			
Federal AGI is		Share of eligible expenses allowed	If Eligible Expenses are \$10,800
Over:	But not over:		Then the Tax credit is:
---	\$39,600	40%	\$4,320
\$39,600	\$41,550	36%	\$3,888
\$41,550	\$43,550	32%	\$3,456
\$43,550	\$45,500	24%	\$2,592
\$45,500	\$47,500	16%	\$1,728
\$47,500	\$49,500	8%	\$864
\$49,500	---	None	\$0

## An Example

### Single parent with two children

#### Child care expenses

Monthly	\$900
Annually	\$10,800

	Federal	Oregon
Income/AGI (wages)	\$48,000	\$48,000
Deductions*	\$20,950	\$3,615
Taxable Income	\$27,050	\$44,385
Gross Tax	\$3,410	\$3,533
Federal Child & Dependent Care Credit	\$1,200	
Oregon Child & Dependent Care Credit		\$300
Working Family Child Care Credit		\$864
WFCC credit under HB 2091		\$1,728

\* Standard deduction and exemptions for federal; standard deduction for Oregon