

Child and Dependent Care Tax Credit - CDCTC

This credit is specifically targeted to help low- and middle-income working parents offset the cost of child care, but the benefit hasn't kept pace with the cost of care and thus is too low to meet the need for families.

The Employer-Provided Child Care Tax Credit (45F)

This credit for employers supports businesses who want to locate or provide child care for their workforce. However, the low credit rate and high threshold for participation keeps most businesses from utilizing it.

Dependent Care Assistance Plan (DCAP)

This credit allows working parents to set aside pre-tax income to pay for child care in an employer-offered flexible spending account. However, the current DCAP contribution limit has been the same since 1986.

		Introduced By	Improves CDCTC	Improves 45F	Improves DCAP
Senate	The Child Care Availability and Affordability Act <u>S. 4874</u>	Sen. Katie Britt (R-AL) Sen. Tim Kaine (D-VA)	✓	✓	✓
	The Child and Dependent Care Tax Credit Enhancement Act <u>S.3657</u>	Sen. Robert Casey (D-PA) Sen. Ron Wyden (D-OR) Sen. Patty Murray (D-WA)	✓		
	Right Start Child Care and Education Act of 2024 <u>S. 3787</u>	Sen. Jeanne Shaheen (D-NH) Sen. Angus King (I-ME)		✓	✓
House	The Child Care Investment Act of 2023 <u>H.R. 4571</u>	Rep. Salud Carbajal (D-CA) Rep. Lori Chavez De-Remer (R-OR)	✓	✓	✓
	The Promoting Affordable Child Care for Everyone (PACE) Act <u>H.R. 7360</u>	Rep. Claudia Tenney (R-NY) Rep. Brad Schneider (D-IL)	✓	✓	✓
	The Child and Dependent Care Tax Credit Enhancement Act <u>H.R. 7252</u>	Rep. Danny Davis (D-IL) Rep. Suzan DelBene (D-WA)	✓		

Child Care Tax Credits: Legislation Details In The Senate

Child Care Availability and Affordability Act - [S. 4874](#)

Introduced by: Sen. Katie Britt (R-AL), Sen. Tim Kaine (D-VA)

CDCTC

- Makes the credit refundable
- Increases benefit for families, who would receive up to \$2,500 for one child and up to \$4,000 for two or more, by increasing the maximum child care expense a family can claim to \$5,000 for one child (and \$8,000 for two or more) and increasing the maximum credit rate from 35% to 50%.

45F

- Increases the maximum credit amount from \$150,000 to \$500,000
- Increases the credit rate for qualified child care expenses from 25% to 50%

DCAP

- Increases the pretax income that can be set aside from from \$5,000 to \$7,500 annually

The Child and Dependent Care Tax Credit Enhancement Act - [S.3657](#)

Introduced by: Sen. Robert Casey (D-PA), Sen. Ron Wyden (D-OR), Sen. Patty Murray (D-WA)

CDCTC

- Makes the credit refundable
- Indexes the expense amounts for inflation
- Increases benefit for families, who would receive up to \$4,000 for one child and up to \$8,000 for two or more, by increasing the maximum child care expense a family can claim to \$8,000 for one child (and \$16,000 for two or more) and increasing the maximum credit rate from 35% to 50%.
- Adds a phaseout of 0-20% for taxpayers with adjusted gross income (AGI) above \$400,000

Right Start Child Care and Education Act of 2024 – [S. 3787](#)

Introduced by: Sen. Jeanne Shaheen (D-NH) and Sen. Angus King (I-ME)

45F

- Increases the maximum credit amount from \$150,000 to \$500,000
- Increases the credit rate for qualified child care expenses from 25% to 50%, and for qualified resource and referral expenditures from 10% to 20%
- Allows businesses to jointly own and operate a child care facility
- Gives small businesses a larger credit of a 60% rate and maximum credit amount of \$600,000

DCAP

- Doubles the amount of pretax income that can be set aside from \$5,000 up to \$10,000 annually

Child Care Tax Credits: Legislation Details In The House

The Child and Dependent Care Tax Credit Enhancement Act - [H.R. 7252](#)

Introduced by: Rep. Danny Davis (D-IL) and Rep. Suzan DelBene (D-WA)

CDCTC

- Makes the credit refundable
- Indexes the expense amounts for inflation
- Increases benefit for families, who would receive up to \$4,000 for one child and up to \$8,000 for two or more, by increasing the maximum child care expense a family can claim to \$8,000 for one child (and \$16,000 for two or more) and increasing the maximum credit rate from 35% to 50%.
- Adds a phaseout of 0-20% for taxpayers with adjusted gross income (AGI) above \$400,000

The Child Care Investment Act of 2023 - [H.R. 4571](#)

Introduced by: Rep. Salud Carbajal (D-CA) and Rep. Lori Chavez De-Remer (R-OR)

CDCTC

- Makes the credit refundable
- Indexes the credit to inflation
- Increases benefit for families, who would receive up to \$1,500 for one child and up to \$3,000 for two or more, by increasing the maximum credit rate from 35% to 50%.

45F

- Increases the maximum credit amount from \$150,000 to \$500,000
- Increases the credit rate for qualified child care expenses from 25% to 50%
- Allows businesses to jointly own and operate a child care facility
- Makes accredited in-home child care service expenses eligible
- Gives small businesses a larger credit of a 60% rate and maximum credit amount of \$600,000

DCAP

- Doubles the maximum amount of pretax income that can be set aside from \$5,000 up to \$10,000 annually

The Promoting Affordable Child Care for Everyone (PACE) Act – [H.R. 7360](#)

Introduced by Rep. Claudia Tenney (R-NY) and Rep. Brad Schneider (D-IL)

CDCTC

- Makes the credit refundable
- Indexes the credit to inflation
- Increases benefit for families, who would receive up to \$1,500 for one child and up to \$3,000 for two or more, by increasing the maximum credit rate from 35% to 50%.

DCAP

- Increases the maximum amount of pretax income that can be set aside from \$5,000 to \$7,500 annually
- Requires annual inflation adjustments