

Standard Federal Tax Reporter, 4494.021, Employer-Provided Child Care Credit: Amount of credit

The amount of the employer-provided child care credit for a given tax year is the sum of 25 percent of the qualified child care expenditures (see ¶4494.025) and 10 percent of the qualified child care resource and referral expenditures (see ¶4494.027) incurred by the taxpayer for the tax year (Code Sec. 45F(a)). The maximum amount of the employer-provided credit allowable in any given tax year is \$150,000 (Code Sec. 45F(b)).



EXAMPLE

Nice Company, Inc., a calendar year taxpayer, establishes a comprehensive child care program for its employees. During the tax year , Nice has \$200,000 in qualified child care expenditures and \$50,000 in qualified child care resource and referral expenditures. For purposes of the general business credit under Code Sec. 38, Nice's employer-provided child care credit for the tax year, as determined under Code Sec. 45F, would be \$55,000 ($[\$200,000 \times 25 \text{ percent}] + [\$50,000 \times 10 \text{ percent}]$).