

CHILD AND DEPENDENT CARE TAX CREDIT

REIMBURSES WORKING FAMILIES FOR CHILD CARE COSTS

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Rep. Davis fought for years to substantially increase the reimbursement to working caregivers for the high cost of child care. Affordable, reliable child care is one of the biggest expenses for working families. Thanks to the American Rescue Plan, working families can receive up to \$8,000 back on their taxes.

WHAT IS THE CHILD AND DEPENDENT CARE TAX CREDIT?

- ❖ **NEW!** Families can receive up to \$4,000 based on up to \$8,000 in child care expenses in 2021 for 1 child or up to \$8,000 base on up to \$16,000 in child care expenses in 2021 for 2 or more children.
- ❖ **NEW!** There is no minimum income required to claim your Child and Dependent Care Tax Credit.
- ❖ The Child and Dependent Care Tax Credit is in addition to the Child Tax Credit. **YOU MAY BE ABLE TO CLAIM BOTH.**

WHO CAN RECEIVE THE CHILD AND DEPENDENT CARE TAX CREDIT?

- ❖ You're eligible to receive the Child and Dependent Care Tax Credit if you:
 - ✓ Have a child or dependent under the age of 13
 - ✓ Have an older dependent who is incapable of self-care
 - ✓ Paid out of pocket for child care in 2021
 - ✓ Earned less than \$425,000 and were working or looking for work in 2021
- ❖ There is no minimum income; you only need more income than child care expenses

WHAT EXPENSES ARE COVERED?

- ❖ Center-based or family-based care, caregivers (including babysitters, relatives, neighbors, or friends), and before or after care summer or vacation day camps.

HOW TO RECEIVE THE CHILD AND DEPENDENT CARE TAX CREDIT?

- ❖ **TIP!** To receive Child and Dependent Care Tax Credit, you need to claim it on your taxes. You can tell your tax preparer or fill out IRS Form 244.
- ❖ **TIP!** You'll need a record of your child care expenses for 2021, including your child care provider's name, address, and tax ID number.

RESOURCES

- ❖ **IRS Frequently Asked Questions about the Child and Dependent Tax Credit**
<https://www.irs.gov/newsroom/child-and-dependent-care-credit-faqs#claiming>
- **IRS Free File.** If taxpayers earned less than \$73,000, they can use Free File Program.
<https://www.irs.gov/filing/free-file-do-your-federal-taxes-for-free>
- **Volunteer Income Tax Assistance (VITA) Program** provides free, in-person tax preparation if your income is less than 58,000 or if you have disability or limited English-language proficiency.
<https://www.irs.gov/individuals/find-a-location-for-free-tax-prep>
- **Tax Counseling for the Elderly (TCE) Program** provides free filing help for individuals 60 and older.
https://www.aarp.org/money/taxes/aarp_taxaide/locations.html