

FYI – For Your Information

Child Care Tax Credit

GENERAL INFORMATION

The Colorado child care credit is a percentage of the child care credit claimed for federal income tax purposes. The federal credit is a child and dependent care credit. It is allowed for expenses incurred in the care of children under the age of 13 and for expenses incurred in the care of disabled dependents over the age of 12. However, the Colorado child care credit is allowed only with respect to the federal credit allowed for the care of **children under the age of 13**. [§39-22-119, C.R.S.]

If the federal adjusted gross income is:

More than Not more than:

\$0 \$25,000
The Colorado percentage is:
50 percent

\$25,000 \$35,000
The Colorado percentage is:
30 percent

\$35,000 \$60,000
The Colorado percentage is:
10 percent

REFUNDABLE CREDIT

To the extent the Colorado child care/child tax credit exceeds the Colorado tax, the excess will be refunded.

PART-YEAR AND NONRESIDENTS

Part-year Colorado residents should compute their Colorado child care credit as though they were full-year residents and pro-rate the credit in the ratio of their modified federal adjusted gross income subject to tax by Colorado over their total modified federal adjusted gross income (their Colorado Form 104PN, Line 34 percentage up to 100%). Nonresidents are not eligible for the Colorado child care/child tax credit.

EXAMPLE

Example A: Ellen Brown is single with one dependent child, age 3. Ellen’s federal adjusted gross income was \$28,500 for the

year and her federal child care credit claimed was \$470. Her credit is 30% of \$470, or \$141.

Example B: Joe Green claims a federal child and dependent care credit with respect to his mother who is 69 years old and who is Joe’s disabled dependent. Joe may not claim the Colorado child care/child tax credit (see paragraph one of this FYI).

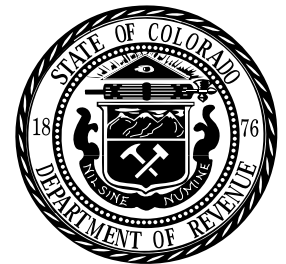
Example C: Bob and Alma Tanner have a federal adjusted gross income of \$55,000 and claim a federal child and dependent care credit of \$1,200 half of which is for their 6 year old daughter in day care and the other half is for Alma’s mother. The Tanner’s Colorado child care credit is 10% of \$600, or \$60.

FURTHER INFORMATION

FYIs, commonly used forms and additional tax information are also available on the Web at www.taxcolorado.com

For additional Colorado tax information visit the "Tax Information Index" which covers a variety of topics including links to forms, publications, regulations, statutes and general questions and answers. The "Tax Information Index" is located at www.taxcolorado.com

FYIs provide general information concerning a variety of Colorado tax topics in simple and straightforward language. Although the FYIs represent a good faith effort to provide accurate and complete tax information, the information is not binding on the Colorado Department of Revenue, nor does it replace, alter or supersede Colorado law and regulations. The Executive Director, who by statute is the only person having authority to bind the Department, has not formally reviewed and/or approved these FYIs.



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