IRS

IRS highlights importance of Child and Dependent Care Credit; can help families, others

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WASHINGTON – The Internal Revenue Service issued a filing season reminder today that those taxpayers who pay expenses for the care of a qualifying person while working or looking for work may qualify for an important tax credit.

The Child and Dependent Care Credit is expanded for tax year 2021. This means that more taxpayers will qualify this year than ever before, and the credit will be worth more. Taxpayers with an adjusted gross income of more than $438,000 are not eligible for this credit.

"There are many important tax credits available for families, and we don't want anyone to overlook the Child and Dependent Care Credit," said IRS Commissioner Chuck Rettig. "We encourage families and others who may qualify for this credit to carefully review the criteria to make sure they receive the maximum amount they're entitled to. We also encourage the tax professional communities and others to share this important information."

Depending on their income, taxpayers can get a credit worth 50% of their qualifying childcare expenses. For tax year 2021, the maximum eligible expense for this credit is $8,000 for one qualifying person and $16,000 for two or more.

For the purposes of this credit, the IRS defines a qualifying person as:

- A taxpayer's dependent who is 12 or younger (no age limit if incapacitated) when the care is provided.
- A taxpayer's spouse who is physically or mentally unable to care for themselves and lived with the taxpayer for more than half the year.
- Someone who is physically or mentally unable to take care of themselves and lived with the taxpayer for six months and is either:
    1. the taxpayer's dependent or
    2. would have been the taxpayer's dependent except for one of the following:

- The qualifying person received gross income of $4,300 or more
- The qualifying person filed a joint return
- The taxpayer or spouse, if filing jointly, could be claimed as a dependent on someone else's return

Taxpayers can use the Interactive Tax Assistant or see the Frequently Asked Questions on IRS.gov to determine if they can claim this credit. For IRS partners, there's a special promotional flyer available PDF.

The IRS has been highlighting this credit in a number of ways, including Tax Tips, fact sheets, news releases as well as through Twitter and other IRS social media and outreach channels. It's also featured in a special IRS YouTube video.

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