

Tips for Taxes:

A Tip Sheet for CCR&R's on 2022 Child Care Taxes



A new year and a new tax season are upon us. Tax filings are due April 18th. While many expanded tax programs from 2021 expired or benefit amounts decreased, the need for tax relief and assistance continues to be high for families and child care providers. With this in mind, we've compiled a listing of current tax resources that families and child care providers may be eligible for, as well as resources for accessing free [tax preparation](#).

Child Care Resource & Referral agencies can help inform families and child care providers about tax breaks/credits to maximize tax refunds and reduce or eliminate taxes owed. This is especially critical for families and providers that did not claim the 2021 tax credits in full, but are still eligible to back file, to ensure they are not leaving money on the table. Sharing this information widely across your agency and partners, supports children, their families and child care providers in accessing the information they need to claim all the tax benefits available to them.

Tax Benefits for Families and Child Care Providers

Below, find a listing of key tax breaks and credits, along with a brief description, that families and/or child care providers may be able to take advantage of.

Child and Dependent Care Tax Credit (CDCTC):

- Tax credit for working families (and in some cases those studying full-time) to help offset the cost of:
 - child care for children 12 and under (e.g. child care center, family child care home, family, friend, neighbor care, before or after school care, summer or vacation day camps, co-pays, etc.) and
 - the cost of care for qualified adult dependents (e.g. aging parents, other relatives with disabilities).
- Determine [eligibility](#).
- Some states offer their own version of the child and dependent care tax credit, [find out](#) if your state offers it.

Child Tax Credit (CTC):

- Tax credit to help families raising children.
- Determine eligibility [here](#).
- Families may be eligible even if they earn little or no money, and even if they don't usually file taxes.
- Individual taxpayer identification numbers and social security numbers are accepted to claim the CTC, however the child being claimed will need a social security number to be eligible.
- Many states offer their own version of the CTC, [find out](#) if your state provides it.
- Families may file a tax return to get the full credit even if they received advanced payments in 2021.

Credit for Other Dependents (ODC):

- Tax credit for qualifying dependent children who can't be claimed under the Child Tax Credit due to eligibility requirements (e.g. a child that is older than 17 or if the child does not have an individual taxpayer identification number, etc.).
- Determine [eligibility](#).
- Individual taxpayer identification numbers and social security numbers are accepted to claim the credit for the parents/family members and the child being claimed.
- Families may file a tax return to get the full credit even if they received advanced payments in 2021.

Earned Income Tax Credit (EITC):

- Tax credit for low-to-moderate-income workers, with and without children, determine [eligibility](#).
- Tax filer social security number required for everyone who is being claimed.
- Many states, some localities and Washington, D.C offer their own EITC, which may have broader access (e.g individual tax identification numbers accepted in some areas) compared to the federal one. Find out if [your state](#) offers this credit.

2021 Recovery Rebate Credit (Stimulus payments)

- Credit for those who did not receive the full amount of the third [Impact Payment](#).
- Filing a 2021 tax return is necessary to claim it, even if you normally don't file taxes.
- May reduce taxes owed or lead to a tax refund.

Education Credits:

- Education credit that helps with the cost of higher education for self, spouse or child dependent.
- May reduce the amount of taxes owed or could lead to a refund.
- Determine eligibility.

Free Tax Filing Assistance

Families and child care providers may be eligible for free tax preparation using the services listed below.

Volunteer Income Tax Assistance (VITA):

- Free tax preparation for those who qualify (persons with low-to-moderate income, persons with disabilities, the elderly, and persons with limited English proficiency).
- Find a provider [here](#) or call 800-906-9887.

American Association of Retired Persons Foundation Tax-Aide:

- Free in-person and virtual tax assistance to anyone, with a focus on taxpayers over 50 years of age and who have low-to-moderate income.
- Find a [provider](#) or call 888-227-7669.

Get Your Refund

- Online, mobile-friendly app connecting tax filers with tax preparation assistance.
- Free service for families earning less than \$66,000 per year.
- Chat support available.
- Service offers filing back taxes as well (2018-2021).
- Will reopen January 31.

IRS Free File

- Free federal tax return for families earning \$73,000 or less.
- Guided tax preparation through an IRS partner site.
- Tax preparation and filing software based.
- Some state tax preparation and filing may be available.
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*United Way "My Free Taxes"**

- Free federal tax return for families earning \$73,000 or less.
- Guided tax preparation through an IRS partner site.
- Tax preparation and filing software based.
- Some state tax preparation and filing may be available.

The Child Care Systems Building team at Child Care Aware® of America develops technical assistance resources for Child Care Resource & Referral (CCR&R) agencies and other systems-level leaders, about business practices, staffed home-based/family child care networks/hubs, equity practices and other topics. If you need additional help, we invite you to request personalized support from our technical assistance team by [filling out this form](#).