famtech.org | Care Assembly

Business Leaders in Action for Childcare
National Summit
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Employer-Provided Child Care Tax Credit (45F)

A Practical Guide for Employers



40%
of what you spend comes back as a tax credit

50%
if you're a smaller business*

$500K
annual cap per business ($600K for smaller businesses)**

New for 2026. (On the books since 2001, but at 25%, capped at $150K, with harder requirements)

Why This Credit Matters Now

The 2025 tax law raised the rate and cap and opened new ways to qualify. Because a credit lowers tax dollar for dollar, programs that didn't pencil out before may have much stronger ROI now.

Mythbusting

	YOU MIGHT HEAR	REALITY
1	It's only for on-site daycare	**Paying off-site licensed providers counts**
2	It's only for big companies	**Any size: intermediaries and pooling help smaller firms**
3	State credits don't stack	**Several states add their own credit on top**
4	It's only for certain employees	**It can and should be offered broadly**
5	Wait for IRS guidance	**Enough is settled to start planning**

*Average annual gross receipts of $32M or less over the prior five years (2026 figure). Caps adjust for inflation after 2026. Source: IRS, "Employer-provided child care credit, tax year 2026 and later"; IRC §45F, §448(c).

**Businesses with common owners are generally treated as a unit. Businesses with multiple employing entities may or may not be separate. Check with your tax advisor on details.

Adapted from the 45F decision guide by FamTech.org's Policy Strategy Committee, created to help employers and their partners move from policy to implementation.

Are You Eligible for the 45F Credit?

Not every employer will qualify. But most for-profits that owe tax can.

Step 1: Your Business

Are you a for-profit business?
- No → ✗ Nonprofits usually have no tax to offset. Look at state programs.
- Yes ↓

Do employees have young kids?
- No → ✗ Revisit as the workforce changes.
- Yes ↓

Do you owe federal income tax?
In S-corps, partnerships and sole props, the owners' tax counts
- No → ? Unused credits can carry back 1 year and forward 20. Ask your tax advisor.
- Yes ↓

Step 2: How You'll Deliver It

★ **New for 2026.** Payments to an intermediary that contracts with licensed providers now count.

☑ 40–50% credit

- Build or run a facility
- ★ Share a facility with other employers
- Contract with licensed providers
- ★ Pay through an intermediary

☑ 10% credit

Resource and referral: fees for help finding care

Ineligible or uncertain

- ✗ Stipends, reimbursements
- ✗ Dependent care FSAs
- ? Back-up, after-school care

Step 3: The Provider

- ☑ Licensed centers and home-based providers
- ✗ Relatives, nannies, au pairs, babysitters

☑ **Likely eligible.** Confirm with your CPA or tax advisor.

Next Steps

The tax math fits on a spreadsheet.
Setting up and running a program takes more work, so bring in help early.

1 You're here	2 Talk to your broker or CPA	3 Check the fit	4 Pick a structure
Know enough to ask good questions	Share this guide	Tax position, workforce, your state	Pay providers, use an intermediary, or build

Your broker or CPA can bring in a specialist, and we're happy to talk with them directly.

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The nation's only tech hub for the Care Economy.

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Helps employers design, set up and run child care benefits that qualify for these credits.

Full guide

Treasury is expected to issue guidance clarifying intermediary roles, qualified expenses and documentation expectations. This guide is for informational purposes only and does not constitute tax, legal or accounting advice. Employers should consult their professional advisors before filing. Guidance reflects publicly available information as of November 2026.