

## Child Care Business Tax Credit Application Instructions

Under the recently adopted Administrative Code Section 11-144, businesses subject to the New York City business taxes (specifically, the unincorporated business tax, general corporation tax, and business corporation tax) may qualify for a refundable tax credit for creating or expanding child care programs for their employees with respect to infants and toddlers. Rules relating to the administration of the credit are published in Title 19 of the Rules of the City of New York (RCNY) sections 59-01 through 59-06.

The credit amount is generally based on the weekly child care subsidy market rates for infants and toddlers for New York City as set forth in a child care market survey report by the New York State Office of Children and Family Services (the “child care rate”) published in 2022 and the average number of new or additional child care seats that are occupied while the child care program is in operation. The credit is capped at 25 new or additional child care seats that are occupied. Further, the child care program may not impose a cost on employees in excess of 40 percent of the child care rate. Finally, the credit is subject to an aggregate overall cap of \$25 million.

In general, for taxpayers with a calendar or fiscal year of 12 months ending on or after December 31 but before September 29, the credit for the service year will be applied to the tax year in which the service year ends. In general, for taxpayers with a calendar or fiscal year of 12 months ending on or after September 30 and on or before December 30, the credit will be applied to the tax year immediately following the tax year in which the service year ends. For further information, see 19 RCNY §59-05.

You must register to file a business tax return at [www.nyc.gov/eservices](http://www.nyc.gov/eservices) before you can file a child care credit application online. If the taxpayer is included as a subsidiary in a combined group filing a general corporation tax return or a business corporation tax return, but is not registered in e-Services with its own EIN, the taxpayer must register in e-Services with its own EIN and the respective business tax account type (general corporation tax or business corporation tax) in order to apply for the child care credit. This requirement will apply if the taxpayer is a subsidiary of a combined group that is currently only registered in e-Services for another tax, such as the commercial rent tax.

### Tax & Service Year

For applicants that have a twelve-month tax year (other than a 52/53-week taxpayer), the chart below indicates the tax year to which the credit for the service year of October 1, 2023, to September 30, 2024, is applied. Note that calendar year taxpayers will take the credit for the service year starting on October 1, 2023, and ending on September 30, 2024, on their 2024 tax return. Other rules apply to 52/53-week taxpayers and taxpayers with short tax years. See 19 RCNY §59-05.

Tax Year Beginning – Ending	Credit Taken on <b>2024</b> Return
10/1/2023 – 9/30/2024	
11/1/2023 – 10/30/2024	
12/1/2023 – 11/30/2024	
1/1/2024 – 12/31/2024	
2/1/2024 – 1/31/2025	
3/1/2024 – 2/28/2025	
4/1/2024 – 3/31/2025	
5/1/2024 – 4/30/2025	
6/1/2024 – 5/31/2025	
7/1/2024 – 6/30/2025	
8/1/2024 – 7/31/2025	
9/1/2024 – 8/31/2025	

## Term Definitions

For purposes of this application, the terms in bold are defined below.

**Child care program.** The term “child care program” means a child care program for which a permit or permits to operate such program has been issued by the city department of health and mental hygiene pursuant to article forty-seven of the health code.

**Creates child care.** The term “creates child care” means the making available of child care seats in a child care program by a taxpayer, directly or through a third party, for employees of such taxpayer, where such child care program was not available before April 1, 2022.

**Expands child care.** The term “expands child care” means the increase in the number of child care seats made available by a taxpayer, directly or through a third party, for employees of such taxpayer in a child care program that existed before April 1, 2022, provided that such increase requires a new or amended permit issued by the department of health and mental hygiene pursuant to article forty-seven of the health code on or after April 1, 2022.

**Infant.** The term “infant” means a person 0 to 1.5 years of age.

**Service year.** The term “service year” means the twelve-month period commencing on October 1 and ending on September 30 in the subsequent calendar year.

**Tax year.** Generally, a tax year is the 12-month year covered by a tax return which can either be based on a calendar year or a fiscal year. Under certain circumstances, a tax year may also be a shorter period (“short tax year”).

**Toddler.** The term “toddler” means a person 1.5 to 3 years of age.

## Calculations of Child Care Credit Explained

Please round all calculations to the nearest hundredth.

Line 1: Sum of infant child care seats occupied on each day that the program operated during the service year.

Line 2: For a created child care program, enter the number of days the program was in operation during the service year (10/01/23 through 09/30/24). For an expanded child care program, enter the number of days the program was in operation **following expansion** during the service year (10/01/23 through 09/30/24).

Line 4: Sum of infant child care seats occupied on each day that the program operated during the six months prior to the expansion, divided by the number of days that the program operated during that period.

Line 6: Sum of toddler child care seats occupied on each day that the program operated during the service year.

Line 7: See instructions for line 2.

Line 9: Sum of toddler child care seats occupied on each day that the program operated during the six months prior to the expansion, divided by the number of days that the program operated during that period.

Line 11: The Combined column contains the sum of the amounts on line 11 for each location.

Line 14: The Combined column contains the sum of the amounts on line 14 for each location.

Line 15: This calculation is performed only with the amounts in the Combined column.

Line 16: This calculation is performed only with the amounts in the Combined column.

Line 17: If there are multiple locations, this calculation is performed with the amounts in the Combined column first. The amount of the reduction is then allocated to each location by prorating based on the amounts on line 11, “Total average number of seats occupied by infants and toddlers.” For example, divide the amount on line 11 for location 1 by the combined amount of line 11 and multiply it by the combined amount on line 17. If there is only one location, then allocate the entire reduction to that location.

Lines 18 and 19: For each location, first reduce the infant child care seats. Then, if further

reduction is necessary, reduce the toddler child care seats. The total number of infant and toddler child care seats for all locations cannot exceed 25.

Line 29: The Combined column contains the sum of the amounts on line 29 for each location. This is the total amount of the credit.

## Sample Forms

### Example 1:

This form represents an employer that expanded a child care program (single location) after April 1, 2022.

		Location 1	Combined
	<b>Permit Number</b>		-
	<b>Street Address</b>		
	<b>ZIP Code</b>		-
	Please enter the date that each location began providing child care services:	MM/DD/YYYY	
	If you are no longer providing child care services, please enter the date the services were discontinued:	MM/DD/YYYY	
	a. Maximum amount charged to employees per week for infant	100.00	
	b. Weekly child care rate for infants	406.00	
	c. Percent of weekly child care rate for infants charged to parents: Line a divided by Line b	24.63%	
	d. Maximum amount charged to employees per week for a toddler	92.00	
	e. Weekly child care rate for toddlers	370.00	
	f. Percent of weekly child care rate for toddlers charged to parents: Line d divided by Line e	24.86%	
	g. If any amounts on Line c or Line f are greater than 40 percent, stop. You are not eligible for the credit.		
<b>Infant Child Care Seats</b>			
1	Sum of infant child care seats occupied on each day that the program operated during the service year	2,430.00	
2	Number of days the program operated in the service year (10/01/23 through 09/30/24) following expansion (see instructions)	90.00	
3	Average daily number of infant seats occupied (Line 1 divided by Line 2)	27.00	

4	Average number of infant child care seats occupied before the expansion (Enter '0' if the location did not exist before April 1, 2022)	16.00	
5	Additional occupied infant child care seats (Line 3 minus Line 4)	11.00	
<b>Toddler Child Care Seats</b>			
6	Sum of toddler child care seats occupied on each day that the program operated during the service year	3,060.00	
7	Number of days the program operated in the service year (10/01/23 through 09/30/24) following expansion (see instructions)	90.00	
8	Average daily number of toddler seats occupied (Line 6 divided by Line 7)	34.00	
9	Average number of toddler child care seats occupied before the expansion (Enter '0' if the location did not exist before April 1, 2022)	2.00	
10	Additional occupied toddler child care seats (Line 8 minus Line 9)	32.00	
<b>Child Care Seat Calculations for Credit</b>			
11	Total average number of seats occupied by infants and toddlers (Line 5 plus Line 10)	43.00	43.00
12	Maximum number of seats authorized by the new permit	43.00	
13	Maximum number of seats authorized by the old permit (Enter '0' if the location did not exist before April 1, 2022)	16.00	
14	Increase in the maximum number of seats authorized (Line 12 minus Line 13)	27.00	27.00
15	The lesser of Lines 11 and 14		27.00
16	The amount on Line 15, or the number 25, whichever is less		25.00
17	Reduction to the infant seats occupied (Line 11 minus Line 16 in the combined column.	18.00	18.00
18	Reduced number of occupied infant seats (Line 5 minus Line 17)	-	
19	Reduced number of occupied toddler seats (If the infant child care seats have been reduced to 0, then reduce the toddler child care seats. Line 10 minus the excess of Line 17 over Line 5)	25.00	
<b>Child Care Credit Rates</b>			
20	Child care rate for infants: \$406 x 4%	16.24	
21	Child care rate for toddlers: \$370 x 4%	14.80	
<b>Total Daily Credit Calculation</b>			
22	Average daily number of infant seats occupied times infant child care rate (Line 18 x Line 20)	-	

23	Average daily number of toddler seats occupied times toddler child care rate (Line 19 × Line 21)	370.00	
24	Total daily credit (Line 22 plus Line 23)	370.00	
<b>Days in Operation Calculation</b>			
25	Number of calendar weeks in operation during the service year	19.00	
26	260 times the number of weeks in operation, divided by 52	95.00	
27	Number of days the program operated in the service year following expansion (from line 2 or line 7)	90.00	
28	Lesser of Line 26 or Line 27	90.00	
29	Total daily credit times the number of days in operation subject to the limitation (Line 24 times Line 28)	33,300.00	33,300.00

### Example 2:

This form represents an employer that expanded its child care program by adding a child care center at Locations 2 and 3 and also expanding its child care center at Location 1 after April 1, 2022.

	Location 1	Location 2	Location 3	Combined
Permit Number				-
Street Address				
ZIP Code				-
Please enter the date that each location began providing child care services:	MM/DD/YYYY	MM/DD/YYYY	MM/DD/YYYY	
If you are no longer providing child care services, please enter the date the services were discontinued:	MM/DD/YYYY	MM/DD/YYYY	MM/DD/YYYY	
a. Maximum amount charged to employees per week for infant	100.00	110.00	100.00	
b. Weekly child care rate for infants	406.00	406.00	406.00	
c. Percent of weekly child care rate for infants charged to parents: Line a divided by Line b	24.63%	27.09%	24.63%	
d. Maximum amount charged to employees per week for a toddler	92.00	92.00	100.00	
e. Weekly child care rate for toddlers	370.00	370.00	370.00	
f. Percent of weekly child care rate for toddlers charged to parents: Line d divided by Line e	24.86%	24.86%	27.03%	

g. If any amounts on Line c or Line f are greater than 40 percent, stop. You are not eligible for the credit.					
<b>Infant Child Care Seats</b>					
1	Sum of infant child care seats occupied on each day that the program operated during the service year	2,430.00	3,717.00	100.00	
2	Number of days the program operated in the service year (10/01/23 through 09/30/24) following expansion (see instructions)	90.00	180.00	10.00	
3	Average daily number of infant seats occupied (Line 1 divided by Line 2)	27.00	20.65	10.00	
4	Average number of infant child care seats occupied before the expansion (Enter '0' if the location did not exist before April 1, 2022)	16.00	-	-	
5	Additional occupied infant child care seats (Line 3 minus Line 4)	11.00	20.65	10.00	
<b>Toddler Child Care Seats</b>					
6	Sum of toddler child care seats occupied on each day that the program operated during the service year	360.00	747.00	10.00	
7	Number of days the program operated in the service year (10/01/23 through 09/30/24) following expansion (see instructions)	90.00	180.00	10.00	
8	Average daily number of toddler seats occupied (Line 6 divided by Line 7)	4.00	4.15	1.00	
9	Average number of toddler child care seats occupied before the expansion (Enter '0' if the location did not exist before April 1, 2022)	2.00	-	-	
10	Additional occupied toddler child care seats (Line 8 minus Line 9)	2.00	4.15	1.00	
<b>Child Care Seat Calculations for Credit</b>					
11	Total average number of seats occupied by infants and toddlers (Line 5 plus Line 10)	13.00	24.80	11.00	48.80

12	Maximum number of seats authorized by the new permit	32.00	22.00	20.00	
13	Maximum number of seats authorized by the old permit (Enter '0' if the location did not exist before April 1, 2022)	20.00	-	-	
14	Increase in the maximum number of seats authorized (Line 12 minus Line 13)	12.00	22.00	20.00	54.00
15	The lesser of Lines 11 and 14				48.80
16	The amount on Line 15, or the number 25, whichever is less				25.00
17	Reduction to the infant seats occupied (Line 11 minus Line 16 in the combined column. The combined reduction amount must then be prorated among all of the locations based on Line 11)	6.34	12.10	5.36	23.80
18	Reduced number of occupied infant seats (Line 5 minus Line 17)	4.66	8.55	4.64	
19	Reduced number of occupied toddler seats (If the infant child care seats have been reduced to 0, then reduce the toddler child care seats. Line 10 minus the excess of Line 17 over Line 5)	2.00	4.15	1.00	
<b>Child Care Credit Rates</b>					
20	Child care rate for infants: \$406 x 4%	16.24	16.24	16.24	
21	Child care rate for toddlers: \$370 x 4%	14.80	14.80	14.80	
<b>Total Daily Credit Calculation</b>					-
22	Average daily number of infant seats occupied times infant child care rate (Line 18 x Line 20)	75.68	138.85	75.35	
23	Average daily number of toddler seats occupied times toddler child care rate (Line 19 x Line 21)	29.60	61.42	14.80	
24	Total daily credit (Line 22 plus Line 23)	105.28	200.27	90.15	
<b>Days in Operation Calculation</b>					
25	Number of calendar weeks in operation during the service year	19.00	34.00	2.00	
26	260 times the number of weeks in operation, divided by 52	95.00	170.00	10.00	



27	Number of days the program operated in the service year following expansion (from line 2 or line 7)	90.00	180.00	10.00	
28	Lesser of Line 26 or Line 27	90.00	170.00	10.00	
29	Total daily credit times the number of days in operation subject to the limitation (Line 24 times Line 28)	9,475.20	34,045.90	901.50	44,422.60