

Oklahoma Employer Child Care Tax Credits

Oklahoma employers may claim a 20% credit on their tax return for eligible child care expenses. This credit is in lieu of a deduction from taxable income.

Employers who construct, renovate, or expand a child care center, purchase equipment for a center, or maintain and operate a center may claim up to \$50,000 in expenses.

Employers may claim up to \$3,100 for expenses for each child for whom the employer pays for child care services to support employees. Services must be provided at a program licensed by the Department of Human Services with a quality rating of two stars or higher at either a child care center or family child care home.

Purchasing child care slots actually provided or reserved for children of employees also qualify for the tax credit for up to \$50,000 in expenses.

Employers may claim for tax credit up to \$5,000 in fees and grants to child care resource and referral services.

Any credits allowed but not used in any tax year may be carried over to each of the four tax years following the year of qualification.

Businesses are encouraged to consult their tax advisor for assistance applying the Oklahoma child care tax credit to determine eligible expenses and the claim amount.

Examples:

Employer A

Pays \$2,500 for child care services for 11 children of employees.

Total cost = \$27,500

Total tax credit = \$5,500

Employer B

Pays \$4,500 for child care resource and referral services for all employees

Total cost = \$4,500

Total tax credit = \$900

Employer C

Pays \$75,000 to renovate and equip space in the employer's facility to provide child care for employees

Total cost = \$75,000

Maximum eligible expenses = \$50,000

Total tax credit = \$10,000

