

## **Child Care Contribution Tax Credit**

### **General Info**

Contributions to the Child Care Fund qualify for a credit on your Oregon income tax return. Your credit is equal to 75 percent of the dollar amount contributed. Your donation will help address child care affordability, provider compensation, and quality improvement of child care facilities.

### **How to Claim the Credit**

The Office of Child Care will compute your allowable tax credit and give you a certificate. Keep this certificate with your permanent tax records. Enter your credit on the 'other credits' line on your tax return along with the tax credit code 705. Your charitable contribution to the Child Care Fund can also be claimed as a deduction on your federal tax return.

If you itemize your deductions for Oregon, you cannot claim both the federal charitable contribution and the Oregon tax credit. If you claim your entire Child Care Fund contribution as an itemized deduction on your federal Schedule A, you must add back the amount of the credit to Oregon income as an 'other addition' on your Oregon personal or corporate tax return.

**Example:** Fern made a contribution to the Child Care fund in the amount of \$10,000. On her Oregon return she will claim a credit of \$7,500 for her contribution (she is limited to 75 percent of her contribution, or her tax liability, in any given year). If Fern claims the \$10,000 contribution as an itemized deduction on her federal Schedule A, she must add back the amount of the credit (\$7,500) to her Oregon income as an 'other addition.'