

Revenue Information Bulletin No. 18-007

February 6, 2018

Individual Income Tax

Credit for Child Care Directors and Staff

School Readiness Tax Credits

In 2007, the Louisiana Legislature passed Act 394, which enacted Revised Statutes 47:6101-6109 to provide a package of tax credits known as the School Readiness Tax Credits. These credits allow tax breaks to families, child care providers, child care directors and staff, and businesses that support child care in an effort to encourage child care facilities to voluntarily participate in the quality rating program administered by the Louisiana Department of Education under the name of the Quality Start Child Care Rating System.

The School Readiness Tax Credits, which are effective for income tax years beginning on or after January 1, 2008, and franchise tax years beginning on or after January 1, 2009, are as follows:

1. Child Care Expense Tax Credit provided by La. R.S. 47:6104
2. Child Care Provider Tax Credit provided by La. R.S. 47:6105
3. Credit for Child Care Directors and Staff provided by La. R.S. 47:6106
4. Tax Credit for Business-Supported Child Care provided by La. R.S. 47:6107
5. Tax Credit For Donations to Resource and Referral Agencies provided by La. R.S. 47:6107

To provide additional guidance for the School Readiness Tax Credits, the Louisiana Department of Revenue and the Louisiana Department of Children and Family Services adopted LAC 61:I.1903.

Credit for Child Care Directors and Staff provided by La. R.S. 47:6106

Child care directors and eligible staff are eligible for a refundable individual income tax credit if they work at least six months for a licensed child care facility that participates in the quality rating system and are enrolled in the Louisiana Pathways Child Care Career Development System.

The refundable tax credit is based on the educational level attained through the Louisiana Pathways Child Care Career Development System. The credit is adjusted annually by the percentage increase in the Consumer Price Index United States city average for all urban consumers (CPI-U), as prepared by the United States Department of Labor, Bureau of Labor

Statistics, as determined by the secretary of the Department of Revenue on December first of the preceding calendar year. The credit amount for the 2017 tax year is as follows:

<u>Educational Level</u>	<u>Tax Credit Amount</u>
Director I	\$1,680
Director II	\$2,239
Director III	\$2,798
Director IV	\$3,358
Child Care Teacher I	\$1,680
Child Care Teacher II	\$2,239
Child Care Teacher III	\$2,798
Child Care Teacher IV	\$3,358

The tax credit is claimed on the Resident Individual Income Tax return, Form IT-540, Schedule F, or the Nonresident and Part-Year Resident Individual Income Tax Return, Form IT-540B, Schedule F-NR. LDE will provide certification to child care directors and staff indicating the educational level achieved by January 31st. The Louisiana School Readiness Tax Credit, for Child Care Director and Staff, Form R-10615 must be completed by the child care provider and given to the directors and staff. The Louisiana Department of Education will also furnish the certification information to the Louisiana Department of Revenue as verification of the directors' and staff's eligibility for the tax credit. Directors and staff who file paper returns must attach a copy of the certification Form R-10615 to the return when filed. If the tax return is filed electronically, the form should be retained by the taxpayer to be provided to the Louisiana Department of Revenue if requested.

For additional information concerning the Louisiana Pathways Child Care Career Development System (LA Pathways) see the Louisiana Department of Children and Family Services' rule found at LAC 67:III.5125 and 5127.

Questions concerning this publication may be submitted by e-mail to Policy.Publications@La.gov.

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Secretary

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