

UPDATED JUNE 2026

Workforce Child Care Tax Credit Guide



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Workforce Child Care Tax Credits Overview

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. Act 454 of the 2025 Regular Session renamed these credits the Workforce Child Care Tax Credits and changed the amount of some of the credits, effective for income tax years beginning on or after January 1, 2026¹. 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 (LDE) under the name of Quality Start Child Care Rating System. Information about Quality Start can be found on the Louisiana Department of Children and Family Services (DCFS) [website](#). The Quality Start website includes a [search](#) feature that can be used to determine the quality rating for child care centers located in parishes throughout the state.

The Workforce Child Care Tax Credits are effective for income tax years beginning on or after January 1, 2008. The credits could also be applied against corporation franchise tax for franchise tax years beginning on or after January 1, 2009, until that tax was repealed effective January 1, 2026.

The Workforce Child Care Tax Credits consist of five credits are as follows:

1. Child Care Expense Tax Credit — [R.S. 47:6104](#) for families paying for quality-rated child care)
2. Child Care Provider Tax Credit — [R.S. 47:6105](#) (for providers serving foster children or Child Care Assistance Program participants)
3. Credit for Child Care Directors and Staff — [R.S. 47:6106](#) (for eligible child care directors and staff)
4. Tax Credit for Business-Supported Child Care — [R.S. 47:6107](#) (for businesses that support quality child care)
5. Tax Credit for Donations to Resource and Referral Agencies — [R.S. 47:6107](#) (for businesses that donate to these agencies)

To provide additional guidance for the Workforce Child Care Tax Credits, the Louisiana Department of Revenue (LDR) and DCFS adopted [LAC 61:I.1903](#).

¹ Some 2025 tax forms and instructions still refer to the credits by their former name, the School Readiness Tax Credit.

Child Care Expense Tax Credit

[R.S. 47:6104](#)

A child care expense tax credit is allowed for taxpayers who have a qualified dependent under the age of six (6) who, during the year, attended a child care facility that participates in the quality rating program and has at least a two (2) star rating.

The child care expense credit is based on the quality rating of the child care facility and is a percentage of the Louisiana child care expense credit provided for by [R.S. 47:297.4](#). Taxpayers who qualify may claim both the Louisiana child care expense credit provided by R.S. 47:297.4 and the additional child care expense tax credit provided by R.S. 47:6104.

The percentage of the Louisiana child care expense credit allowed for the child care expense tax credit is based on the child care facility's quality rating as follows:

Percentage of Credit from Child Care Facility Rating

Quality Rating of Child Care Facility	Percent of Louisiana Child Care Tax Credit
Five Star	200%
Four Star	150%
Three Star	100%
Two Star	50%
One Star or not participating in Quality Start	0%

Parents with multiple qualifying children are allowed a credit for each child with the credits separately calculated. Also, if a child receives services from more than one child care facility during the year, the credit is calculated based on the facility with the highest quality rating.

- **Refundable credit** — The child care expense tax credit is refundable for taxpayers whose federal adjusted gross income is \$25,000 or less. The refundable credit is claimed by resident taxpayers on Line 15 of the Louisiana individual income tax return, Form IT-540, *Louisiana Resident Income Tax Return*, and Line 17 of Form IT-540B, *Louisiana Nonresident and Part-year Resident Income Tax Return*².

² For tax year 2025, the credit is referenced under its former name, the School Readiness Tax Credit.

- **Nonrefundable credit** — Taxpayers whose federal adjusted gross income is greater than \$25,000 may apply the credit to their tax liability and if the credit is more than the taxpayer’s liability, the remaining credit can be carried forward and applied to later tax years. Excess credits can be carried forward for up to five (5) years. The nonrefundable credit for 2025 is claimed by taxpayers on Schedule J of Form IT-540, *Louisiana Resident Income Tax Return* or Form IT-540B, *Louisiana Nonresident and Part-Year Resident Income Tax Return*³.

Proof of Credit

Taxpayers who claim the child care expense credit must obtain Form R-10614, *Child Care Expense Credit Certificate*, from their child care facility. The facility must complete the top portion of the form including the facility’s name, license number, the Louisiana Revenue Account Number, the facility’s quality rating, and the date of the rating award.

Child care providers must provide completed forms to parents or guardians for each qualifying child who attended the facility.

Calculation of Credit

The child care tax credit is calculated as follows:

Example 1

Calculation of Child Care Expense Credit Example Table 1

Family’s federal adjusted gross income	\$20,000
Refundable or nonrefundable tax credit	Refundable
Louisiana child care credit amount	\$50
Qualified dependent under age six that attended a quality rated child care facility	1
Quality rating of the child care facility	3 Stars
Percentage of Louisiana child care credit allowed	100%
Child care expense tax credit (\$50 x 100%)	\$50

³ For tax year 2025, the credit is referenced under its former name, the School Readiness Tax Credit.

In this scenario, the taxpayer may claim the \$50 Louisiana child care expense credit provided by R.S. 47:297.4, as well as an additional \$50 child care expense credit based on the quality rating of the child care facility. If the credit exceeds the taxpayer’s tax liability, the excess amount will be refunded.

Example 2

 Calculation of Child Care Expense Credit Example Table 2

Family’s federal adjusted gross income	\$30,000
Refundable or nonrefundable tax credit	Nonrefundable
Louisiana child care credit amount	\$50
Qualified dependents under age six that attended a quality rated child care facility	2
Quality rating of the child care facility for first child	4 Stars
Percentage of Louisiana child care credit allowed for first child	150%
Child care expense tax credit for first child (\$50 x 150%)	\$75
Quality rating of the child care facility for second child	3 Stars
Percentage of Louisiana child care credit allowed for second child	100%
Child care expense tax credit for second child (\$50 x 100%)	\$50
Total Child care expense tax credit (\$75 + \$50)	\$125

The taxpayer may claim both the \$50 Louisiana child care expense tax credit and the additional \$125 child care expense tax credit based upon the quality rating of the child care facility. The credit may be applied against the taxpayer’s liability, and any excess credit may be carried forward for up to five (5) years.

Child Care Provider Tax Credit

[R.S. 47:6105](#)

Child care providers that own and operate a facility serving eligible children may claim a refundable child care provider tax credit.

The tax credit is based on the average monthly number of eligible children-foster children in DCFS custody or Child Care Assistance Program participants-who attend the facility, multiplied by the credit amount based on the facility's quality rating.

Child Care Provider Tax Credit Amount per Eligible Child

Quality Rating of Child Care Facility	Tax Credit Per Eligible Child
Five Star	\$1,500
Four Star	\$1,250
Three Star	\$1,000
Two Star	\$750
One Star or not participating in Quality Start	0

The LDE will provide certification by March 1 to qualifying child care providers regarding the average number of children participating in the program. The certificates must be retained in the child care provider's records and must be attached to the tax return on which the credit is claimed.

For income taxable periods before January 1, 2025, the credit could be applied against individual or corporation income tax or corporation franchise tax depending on the entity type of the child care facility.

For income taxable periods beginning on or after January 1, 2025, the credit can be applied against individual, fiduciary, or corporation income tax depending on the entity type of the child care facility. The credit can be claimed as follows:

- **Individual income tax credit** — If the child care facility is owned by a sole proprietor, or a flow-through entity, such as a limited liability company (LLC), partnership, or Subchapter S corporation, the credit is claimed as code 65F on the Resident Individual Income Tax return, Form IT-540, *Louisiana Resident Income Tax Return*, Schedule F, or the Nonresident and Part-Year Resident Individual Income Tax Return, Form IT-540B, *Louisiana Nonresident and Part-Year Resident Income Tax Return*, Schedule F-NR. Partners and

shareholders should apportion the credit based on each partner's or shareholder's percentage of ownership.

- **Fiduciary income tax credit** — If the child care facility is a trust or estate, the credit is claimed as code 65F on the Fiduciary Income Tax Return, Form IT-541, *Louisiana Fiduciary Income Tax Return*, Schedule RC-P2.
- **Corporation income tax credits** — If the child care facility is owned by a corporation, the credit is claimed as code 65F on the Corporation Income Tax Return, Form CIT-620, *Louisiana Corporation Income Tax Return*, Schedule RC-P2.
- **Nonprofit organizations** — If the child care facility is owned by a nonprofit organization, the tax credit is claimed as code 65F on the Corporation Income Tax Return, Form CIT-620, *Louisiana Fiduciary Income Tax Return*, Schedule RC-P2. Nonprofit organizations that are not registered with LDR because they are exempt from tax must register with LDR for corporation income tax and obtain a Louisiana revenue account number to claim the credit.

Directors and Staff Tax Credit

[R.S. 47:6106](#)

Child care directors and eligible staff are eligible for a refundable tax credit if they work at least six (6) 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 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 1 of the preceding calendar year. For tax year 2025, the credit is referenced under its former name, the school readiness tax credit, and is as follows:

Director and Staff Child Care Levels and Tax Credits


Child Care Tax Credit Levels	Amount of 2025 Refundable Tax Credit
Director I	\$2,192
Director II	\$2,921
Director III	\$3,653
Director IV	\$4,381
Child Care Teacher I	\$2,192
Child Care Teacher II	\$2,921
Child Care Teacher III	\$3,653
Child Care Teacher IV	\$4,381

The tax credit is claimed as credit code 66F on the Resident Individual Income Tax Return, Form IT-540, *Louisiana Resident Income Tax Return* Schedule F, or the Nonresident and Part-Year Resident Individual Income Tax Return, Form IT-540B, *Louisiana Nonresident and Part-Year Resident Income Tax Return*, Schedule F-NR.

LDE will provide certification to child care directors and staff indicating the educational level achieved by January 31. Form, R-10615, *For Child Care Director and Staff Member*, must be completed by the child care provider and given to the directors and staff. The LDE will also furnish

the certification information to LDR as verification of the directors and staff's child care certification level.

Directors and staff must enter the facility license number from Form R-10615, *For Child Care Director and Staff Member*, on Line 5A of Schedule F and attach a copy of Form R-10615, *For Child Care Director and Staff Member*. to their return. Failure to do so will result in processing delays.

R-10615 (1/26)		Louisiana School Readiness Tax Credit <i>For Child Care Director and Staff Member</i>	2025
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Tax Credit For Business-Supported Child Care

[R.S. 47:6107](#)

Businesses that support quality child care are eligible for a refundable tax credit based on the quality rating of the center. For income taxable periods beginning before January 1, 2026, eligible support includes:

- Expenses to construct, renovate, expand, or repair an eligible child care center, purchase equipment for a center, maintain or operate a center, not to exceed \$50,000 in expenses per tax year;
- Payments made to an eligible child care facility for child care services to support employees, not to exceed \$5,000 per child per tax year; and/or
- The purchase of child care slots at eligible child care facilities actually provided or reserved for children of employees, not to exceed \$50,000 per tax year.

For income taxable periods beginning on or after January 1, 2026, eligible support includes:

- Expenses to construct, renovate, expand, or repair an eligible child care center, purchase equipment for a center, maintain or operate a center, not to exceed \$100,000 in expenses per tax year;
- Payments made to an eligible child care facility for child care services to support employees, not to exceed \$10,000 per child per tax year; and/or
- The purchase of child care slots at eligible child care facilities actually provided or reserved for children of employees, not to exceed \$100,000 per tax year.

The credit is for a percentage of the eligible expenses based on the quality rating of the child care facility to which the expenses are related or the rating of the child care facility that the child attends.

For income taxable periods beginning before January 1, 2026, the amounts are as follows:

Business-Supported Child Care Credit Eligible Expense Percentage- Prior to 1/1/2026

Quality Rating of Child Care Facility	Percentage of Eligible Expenses
Five Stars	20%
Four Stars	15%
Three Stars	10%
Two Stars	5%
One Star or not participating in Quality Start	0%

For income taxable periods beginning on or after January 1, 2026, the amounts are as follows:

Business-Supported Child Care Credit Eligible Expense Percentage- After 1/1/2026

Quality Rating of Child Care Facility	Percentage of Eligible Expenses
Five Stars	50%
Four Stars	40%
Three Stars	30%
Two Stars	0%
One Star or not participating in Quality Start	0%

[Applying for Business-Supported Credit](#)

Beginning in 2027 (for credits earned in calendar year 2026), businesses must apply between January 1, and February 28, of each year for the business-supported child care credits earned in the previous calendar year. An application must be submitted annually by taxpayers who wish to claim the credit. The completed Business-Supported Child Care Application must be submitted electronically through [LaTap](#) (Louisiana Taxpayer Access Point) and include the following information:

1. the name and Louisiana revenue tax identification number of the child care facility to or for whom the eligible expenses were paid or made;
2. the amount and nature of qualifying expenses at each child care facility, as defined in R.S. 47:6102;
3. the child care facility's quality rating; and
4. the facility's license number.

Information necessary to verify a child care facility's quality rating will be provided to the LDR by the LDE. Louisiana Department of Revenue-provided application requirements will be published prior to the first application period. Upon approval, the LDR will provide each approved applicant with a letter indicating the amount of the credit earned and the taxable period against which the refundable credit may be used. If denied, the letter will provide the reasons for the denial.

[Credit Cap on the Business-Supported Credit](#)

For calendar year 2026, R.S. 47:6107 sets a \$1 million annual cap on the amount of credits that may be granted by the LDR. Beginning January 1, 2027, the cap will increase by \$1 million each year if at least 80% of the prior year's cap was used, up to a maximum of \$5 million. If less than 80% was used, the cap remains the same.

The LDR will publish the current year's credit cap on its website no later than July 1 each year in accordance with R.S. 47:6107(C)(2). Once the credit cap reaches \$5 million, the LDR is no longer required to publish this notice. For cap administration purposes, applications for the business-supported child care credit will be approved on a first-come, first-served basis as determined by the received date of a completed Business-Supported Child Care Application. An application is not considered complete until all required information has been received by the LDR. Applications received on the same business day shall be treated as received at the same time, and if the aggregate amount of requests received on the same business day exceeds the total amount of available tax credits, the tax credits will be approved on a pro rata basis.

Claiming the Business-Supported Credit

For income taxable periods beginning before January 1, 2026, the refundable credit can be applied against individual or corporation income tax or corporation franchise tax, depending on the business's entity type.

For income taxable periods beginning on or after January 1, 2026, the refundable credit can be applied against individual, fiduciary or corporation income tax, depending on the business entity's type. The credit can be claimed as follows:

- **Individual income tax credit** — If the business providing the support is owned by a sole proprietor or a flow-through entity such as a Limited Liability Company (LLC), Partnership, or Subchapter S corporation, the credit will be claimed as credit code 67F on the ~~Resident Individual Income Tax return~~, Form IT-540, *Louisiana Resident Income Tax Return*, Schedule F, or the Nonresident and Part-Year Resident Individual Income Tax Return, Form IT-540B, *Louisiana Nonresident and Part-Year Resident Income Tax Return*, Schedule F-NR. Partners and shareholders should apportion the credit based on each partner's or shareholder's percentage of ownership.
- **Fiduciary income tax credit**—If the entity providing the support is a trust or estate, the credit will be claimed as credit code 67F on the Fiduciary Income Tax Return, Form IT-541, *Louisiana Fiduciary Income Tax Return*, Schedule RC-P2.
- **Corporation income tax credit** — If the business providing the support is a corporation, the credit will be claimed as credit code 67F on the Corporation Income Tax Return, Form CIT-620, *Louisiana Corporation Income Tax Return*, Schedule RC-P2.
- **Nonprofit Organizations** — If the business providing support is a nonprofit organization, the tax credit must be taken on the Corporation Income Tax Return, Form CIT-620, *Louisiana Corporation Income Tax Return*, as credit code 67F on Schedule RC-P2. Nonprofit organizations that are not registered with LDR because they are exempt from tax must register with LDR for corporation income tax and obtain a Louisiana revenue account number to be able to claim the credit.

Tax Credit For Donations To Resource and Referral Agencies

R.S. 47:6107

Businesses may also receive a tax credit for donations made to Child Care Resource and Referral Agencies. These are private agencies that contract with the LDE to provide information and services to parents and child care providers. The credit is equal to the amount donated but cannot exceed \$5,000 per tax year.

Businesses must attach to their tax return a copy of the receipt from the child care resource or referral agency and if applicable, a copy of the Schedule K-1 from the entity that made the donation to substantiate any credit earned from a pass-through entity.

For income taxable periods beginning before January 1, 2026, the refundable credit can be applied against individual or corporation income tax or franchise tax, depending on the business's entity type.

For income taxable periods beginning on or after January 1, 2026, the refundable credit can be applied against individual, fiduciary or corporation income tax, depending on the business entity's type. The credit can be claimed as follows:

- **Individual income tax credit** — If the business making the donation is owned by a sole proprietor or a flow-through entity such as a Limited Liability Company (LLC), Partnership, or Subchapter S corporation, the credit will be claimed as credit code 68F on the Resident Individual Income Tax return, Form IT-540, *Louisiana Resident Income Tax Return*, Schedule F, or the Nonresident and Part-Year Resident Individual Income Tax Return, Form IT-540B, *Louisiana Nonresident and Part-Year Resident Income Tax Return*, Schedule F-NR. Partners and shareholders should apportion the credit based on each partner or shareholder's percentage of ownership.
- **Fiduciary income tax credit**—If the entity providing the support is a trust or estate, the credit will be claimed as credit code 68F on the Fiduciary Income Tax Return, Form IT-541, *Louisiana Fiduciary Income Tax Return*, Schedule RC-P2.
- **Corporation income tax credit** — If the business making the donation is a corporation, the credit will be claimed as credit code 68F on the Corporation Income Tax Return, Form CIT-620, *Louisiana Corporation Income Tax Return*, Schedule RC.
- **Nonprofit organizations** — If the business making the donation is a nonprofit organization, the tax credit must be taken on the Corporation Income ~~and~~ Tax Return, Form CIT-620, *Louisiana Corporation Income Tax Return*, as credit code 68F on Schedule RC-P2. Nonprofit organizations that are not registered with LDR because they are exempt from tax must register with LDR for corporation income tax and obtain a Louisiana revenue account number to be able to claim the credit.