

Status: Supersedes 98C1-07R, dated December 14, 1998, Credit for Child Care/CIT/IPT; Revised.

Florida Department of Revenue
Tax Information Publication

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CHILD CARE TAX CREDITS
Corporate Income Tax
Insurance Premium Tax

A credit against corporate income tax/franchise tax or insurance premium tax for certain child care costs or contributions to not-for-profit corporations that use the funds to pay certain child care costs is available for costs incurred on or after December 31, 1998.

Application for Child Care Tax Credits

Any corporation that wishes to participate in this program must submit an Application for Child Care Tax Credits (Form F-1159) to the Department of Revenue. An application must be submitted during each tax year to obtain approval for the credit to be taken in that tax year.

Credit Criteria

The total amount of tax credit available under this program is \$2 million for each state fiscal year (July through June) and will be allocated on a first-come, first-served basis. The amount of credit approved is based on the following:

- * Start-up costs of eligible child care facilities operated by a corporation for its employees; and/or contributions made to a not-for-profit corporation that operates eligible child care facilities, and uses the funds to pay start-up costs. The credit is 50 percent of the costs.

- * Operation of eligible child care facilities on behalf of a

corporation's employees; and/or contributions made to a not-for-profit corporation that operates eligible child care facilities, and uses the funds to pay operating costs. The credit is \$50 per month for each child enrolled in the facility.

- * Payments to eligible child care facilities on behalf of a corporation's employees. The credit is 50 percent of the amount of the payments.

Guidelines and Credit Limitations

- * A corporation may claim this credit against either corporate income tax (CIT) or insurance premium tax (IPT), **but not both.**
- * A corporation may receive up to \$50,000 in tax credits for all approved child care costs it incurs and/or eligible contributions it makes in any one tax year.
- * Credits based upon eligible contributions to a not-for-profit corporation that operates eligible child care facilities are also limited to \$50,000 per facility per year.
- * Eligible child care credits require submission of an Application for Child Care Tax Credits (Form F-1159) to the Department of Revenue within the same tax year in which the expenditures and contributions are made.
- * Applications for start-up costs are to be submitted within the same tax year as the facility becomes operational and is licensed.
- * The child care facility must be licensed through the Department of Children and Families, a local licensing agency, or must be a facility providing daily care to children who are mildly ill. Contact the Department of Children and Families for additional information at 850-488-4900 and ask to speak to a Child Care Licensing Specialist.

- * In the case of the credit based upon contributions, the corporation must include additional documentation from the not-for-profit corporation with the application (Form F-1159).
- * Any approved credits that are unused due to insufficient tax liability may be carried forward for up to five years against future corporate income or insurance premium tax liabilities.
- * The child care facility operated by the corporation must be used by employees of the corporation. It must be available to all employees of the corporation or allocated on a first-come, first-served basis.
- * If the facility fails to operate for five years, the credit for child care facility start-up costs may have to be repaid.
- * Two or more corporations may join together to start and operate a child care facility in accordance with the provisions stated in the statute.

Deduction Repealed

The 1998 Legislature also repealed the corporation income tax deduction for child care facility start-up costs for tax years ending on or after December 31, 1998, when the credit was created.

References: Sections 220.19, and 624.5107, Florida Statutes

FOR MORE INFORMATION

This document is intended to alert you to the requirements contained in Florida laws and administrative rules. It does not by its own effect create rights or require compliance.

For forms and other information, visit our Internet site at

www.myflorida.com/dor. Or call Tax Information Services, 8:00 a.m., to 7:00 p.m., ET, Monday through Friday, excluding holidays, at 800-352-3671 (Florida only), or 850-488-6800.

Hearing- or speech-impaired persons should call our TDD at 800-367-8331 or 850-922-1115.

For a detailed written response to your questions, write the Florida Department of Revenue, Tax Information Services, 1379 Blountstown Highway, Tallahassee, FL 32304-2716.

To receive a fax copy of a form, call 850-922-3676 from your fax machine telephone.