

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2021

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SENATE BILL 857

Short Title: Reenact Child Care Tax Credit. (Public)

Sponsors: Senator Mohammed (Primary Sponsor).

Referred to: Rules and Operations of the Senate

May 27, 2022

1 A BILL TO BE ENTITLED
2 AN ACT TO REENACT THE CHILD CARE TAX CREDIT.
3 The General Assembly of North Carolina enacts:

4 **SECTION 1.** G.S. 105-151.11 is reenacted as it existed immediately before its
5 expiration, is recodified as G.S. 105-153.11, and reads as rewritten:

6 "**§ 105-153.11. Credit for child care and certain employment-related expenses.**

7 (a) Credit. – A person who is allowed a credit against federal income tax for a percentage
8 of employment-related expenses under section 21 of the Code shall be allowed as a credit against
9 the tax imposed by this Part an amount equal to the applicable percentage of the
10 employment-related expenses as defined in section 21(b)(2) of the Code. In order to claim the
11 credit allowed by this section, the taxpayer must provide with the tax return the information
12 required by the Secretary.

13 (a1) Applicable Percentage. – For employment-related expenses that are incurred only
14 with respect to one or more dependents who are seven years old or older and are not physically
15 or mentally incapable of caring for themselves, the applicable percentage is the appropriate
16 percentage in the column labeled "Percentage A" in the table below, based on the taxpayer's
17 adjusted gross income determined under the Code. For employment-related expenses with
18 respect to any other qualifying individual, the applicable percentage is the appropriate percentage
19 in the column labeled "Percentage B" in the table below, based on the taxpayer's adjusted gross
20 income determined under the Code.

21 Filing Status	22 Adjusted Gross	23 Percentage A	24 Percentage B
	25 Income		
26 Head of	27 Up to \$20,000	28 9%	29 13%
30 Household	31 Over \$20,000		
	32 up to \$32,000	33 8%	34 11.5%
	35 Over \$32,000	36 7%	10%
37 Surviving			
38 Spouse or			
39 Joint Return	40 Up to \$25,000	41 9%	42 13%
	43 Over \$25,000		
	44 up to \$40,000	45 8%	46 11.5%



1				
2		Over \$40,000	7%	10%
3				
4	Single	Up to \$15,000	9%	13%
5				
6		Over \$15,000		
7		up to \$24,000	8%	11.5%
8				
9		Over \$24,000	7%	10%
10				
11	Married			
12	Filing			
13	Separately	Up to \$12,500	9%	13%
14				
15		Over \$12,500		
16		up to \$20,000	8%	11.5%
17				
18		Over \$20,000	7%	10%

(b) Employment Related Expenses. – The amount of employment-related expenses for which a credit may be claimed may not exceed three thousand dollars (\$3,000) if the taxpayer's household includes one qualifying individual, as defined in section 21(b)(1) of the Code, and may not exceed six thousand dollars (\$6,000) if the taxpayer's household includes more than one qualifying individual. The amount of employment-related expenses for which a credit may be claimed is reduced by the amount of employer-provided dependent care assistance excluded from gross income.

(c) Limitations. – A nonresident or part-year resident who claims the credit allowed by this section shall reduce the amount of the credit by multiplying it by the fraction calculated under ~~G.S. 105-134.5(b) or (c)~~, G.S. 105-153.4(b) or (c), as appropriate. No credit shall be allowed under this section for amounts deducted in calculating North Carolina taxable income. The credit allowed by this section may not exceed the amount of tax imposed by this Part for the taxable year reduced by the sum of all credits allowable, except for payments of tax made by or on behalf of the taxpayer."

SECTION 2. This act is effective for taxable years beginning on or after January 1, 2022.