

Hawai'i Child and Dependent Care Tax Credit

The Child and Dependent Care Tax Credit provides income support for working parents or caregivers who pay for child or dependent care.



Benefit of Tax Credits

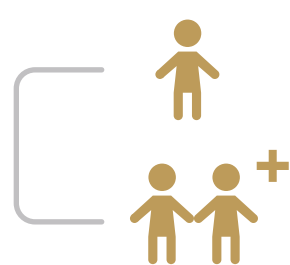
Tax credits help reduce tax liability, potentially resulting in a tax refund.



Eligibility Criteria

- Maintained a household that included **at least 1 qualifying dependent**.
- Are **parents or caregivers** who are **employed or looking for a job**.
- **Paid for services and expenses** to care for qualifying dependent(s).

Cap on Child and Dependent Care Expenses



Up to **\$10,000** in eligible expenses for 1 dependent

Up to **\$20,000** in eligible expenses for 2 or more dependents

Important Note: The eligible expenses for both the Hawai'i and the Federal Child and Dependent Care Tax Credit are identical.

Maximum Amount of Credit by Income Level

Household Hawai'i AGI	Percentage of Expenses	Maximum Credit for 1 Qualifying Dependent	Maximum Credit for 2 or More Qualifying Dependents
\$1- \$25,000	25%	\$2,500	\$5,000
\$25,001- \$30,000	24%	\$2,400	\$4,800
\$30,001- \$35,000	23%	\$2,300	\$4,600
\$35,001- \$40,000	22%	\$2,200	\$4,400
\$40,001- \$45,000	21%	\$2,100	\$4,200
\$45,001- \$50,000	20%	\$2,000	\$4,000
\$50,001 and up	15%	\$1,500	\$3,000

Qualifying Dependents Include:

< 13

Dependent(s) under the age of 13



Dependent(s), including a spouse, who are physically or mentally incapable of caring for themselves



Eligible Child and Dependent Care Expenses

Common Qualifying Dependent Care Expenses

- Before & After School Care Programs
- Preschool
- Daycare

Common Qualifying Household Services Expenses

- Domestic employee or helper
- Home health care

Unqualifying Dependent Care Expenses

- Overnight camps
- Sports camps
- Education expenses (K-12 Tuition)

Unqualifying Household Services Expenses

- Utility expenses
- Clothing and personal items
- Home schooling expenses

Dependent Care Center Qualifications and Requirements

- Provides care for **more than six individuals**
- Receives a fee, payment, or grant for providing services for **any of the individuals**
- Has a **Taxpayer Identification Number (SSN or FEIN)**
- Has a **General Excise Tax License Number** (unless exempted)



How to Claim the Hawai'i Child and Dependent Care Tax Credit

When submitting your individual income tax return (Form N-11/N-15), complete Schedule X to claim the Child and Dependent Care Tax Credit.



Maintaining a Household

Important Note: Credit for the same dependent cannot be claimed on multiple returns.

To maintain a household, you must contribute more than half of the maintenance costs during the tax year.

Examples of Maintenance Cost Include:

- Upkeep and repairs
- Property insurance
- Utility charges

How Earned Income Affects the Child and Dependent Care Tax Credit



The amount of qualified expenses is the lesser of earned income or expenses incurred and paid (not to exceed applicable \$10,000 or \$20,000 limit).



If married filing a joint return, the amount of qualifying expenses is limited to the lesser of the two incomes.

Important Note: In general, earned income includes wages, salaries, tips, and other employee compensation, as well as net earnings from self-employment.

For more information, visit our website at tax.hawaii.gov



This flyer is not meant as tax advice, but as an overview of the specific tax law. Consult with your tax professional for advice regarding your situation.