

CHILD CARE RELATED TAX CREDITS IN STATES

May 2023 State Profile Update

Idaho

FOR EMPLOYERS

Tax Landscape: Forty-four states levy corporate income taxes.

Does Idaho levy taxes on corporate employers in the state?

Yes

Does Idaho have an employer tax credit to incentivize the provision of child care for employees?

No

Employer Child Care Tax Credit Description

No employer child care tax credit at this time

Code Section: Not Applicable

FOR PARENTS

Tax Landscape: Nine states do not levy personal income taxes.

(Seven states do not levy personal income taxes and an additional two states do not tax wages. For example, in those states investment income and interest is taxed but wages are not taxed).

Does Idaho levy taxes on personal income?

Yes

Does Idaho have a dependent care tax credit for parents?

Other, see below for more information

Parent Child Care Tax Credit Description

Idaho does not have a dependent care tax credit. However, Idaho has a dependent care tax deduction. See Form 39R section B Line 6 Child and Dependent Care. In April of 2023, HB288 was enacted that increased the child care expense deduction to \$12,000 annually. The Act is retroactive to January 1, 2023.

Code Section: § 63-3022D

Link: <https://legislature.idaho.gov/sessioninfo/2023/legislation/H0288/>

OTHER POTENTIAL REVENUE SOURCES

Check out CED's Child Care Tax Credit Corner web page for other taxes that states may levy (e.g., estate or inheritance taxes, lottery taxes, marijuana taxes, property taxes, sales taxes, and tobacco and vaping taxes).

www.ced.org/child-care-state-tax-credits