

CHILD CARE RELATED TAX CREDITS IN STATES

October 2020 State Profile

Minnesota

FOR EMPLOYERS

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

Does Minnesota levy taxes on corporate employers in the state?

Yes

Does Minnesota 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 Minnesota levy taxes on personal income?

Yes

Does Minnesota have a dependent care tax credit for parents?

Yes, see below for more information

Parent Child Care Tax Credit Description

The Minnesota dependent care tax credit equals the federal child and dependent care tax credit (CDCTC) for which the family is eligible, subject to an income-based phaseout. While all filers with tax liability and qualifying expenses may claim the federal credit, the state credit is fully phased out for families with higher incomes. The Minnesota credit is refundable. <https://www.house.leg.state.mn.us/hrd/pubs/ss/ssdeprecred.pdf> also: <https://www.revenue.state.mn.us/child-and-dependent-care-credit>

Code Section: § 290.067

Link: <http://ow.ly/z2ck50BWuAi>

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