

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2021

S

1

SENATE BILL 178

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

Sponsors: Senators Mohammed and Foushee (Primary Sponsors).

Referred to: Rules and Operations of the Senate

March 4, 2021

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
	Income		
25 Head of	Up to \$20,000	9%	13%
26 Household	Over \$20,000		
27	up to \$32,000	8%	11.5%
28			
29	Over \$32,000	7%	10%
30			
31 Surviving			
32 Spouse or			
33 Joint Return	Up to \$25,000	9%	13%
34			
35	Over \$25,000		
36	up to \$40,000	8%	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%

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

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

33 **SECTION 2.** This act is effective for taxable years beginning on or after January 1,
 34 2021.