

Child Care Tax Credits in H.R. 1 (“One Big Beautiful Bill”)

The 2025 tax reconciliation package (H.R. 1, also known as the “One Big Beautiful Bill”) contained permanent improvements to **three essential child care tax provisions**. Together, these provisions work to make child care more affordable for working families with young children.

- The **Child and Dependent Care Tax Credit (CDCTC)**, the only tax credit that specifically helps working parents offset the cost of child care;
- The **Employer-Provided Child Care Credit (45F)**, which supports businesses who want to help locate or provide child care for their employees;
- **Dependent Care Assistance Plans (DCAP)**, flexible spending accounts that allow working parents to set aside pretax dollars to pay for child care expenses.

Together, these improvements equal a **\$16 billion federal** investment in child care through tax provisions.

Learn More

Toplines: Child Care
Tax Credits, 2025
Reconciliation Package

<https://bit.ly/2025Toplines>



Child and Dependent Care Tax Credit in the 2025 One Big Beautiful Bill

The **Child and Dependent Care Tax Credit (CDCTC)** allows working families to keep more of what they earn to pay for child care.¹

Overall, under the new law:

- An estimated **4 million families**² could receive an increased tax credit.
- For a majority of filers³, this increase could be as much as **\$900/\$450 more** than they receive now (2+ children/1 child).
- The total tax credit families could see ranges from **\$1,500-\$3,000** for lowest-income families or **\$600-\$1,200** for highest income families (with 1 or 2+ children).

In Your State

An estimated **5.7 million families** claim the CDCTC to help offset their child care expenses. See how many live in your state:

Learn More

State Data, Number of Families, CDCTC

<https://bit.ly/StateCDCTC>



¹ A family's credit depends on four factors: Income, number of children, filing status, and child care expenses.

² Based on FFYF calculation from 2022 IRS data.

³ Single parents making less than \$75,000 or married couples filing jointly who make less than \$150,000.