

Regulations of Connecticut State Agencies

TITLE 17. Public Assistance & Welfare Services

Agency

Department of Human Resources

Subject

Child Day Care Business Firm Tax Credits

Inclusive Sections

§§ 17-615-1—17-615-10

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Child Day Care Business Firm Tax Credits

Sec. 17-615-1. Definitions

As used in Sections 17-615-1 through 17-615-10, inclusive:

(a) “Business firm” means any business firm as defined in Section 17-613 of the Connecticut General Statutes.

(b) “Child day care” means the care that is provided to children of business firm employees by (1) registered or licensed child care providers, (2) providers giving day care in the child’s home, (3) or a relative giving day care in the relative’s home that has been approved by the Commissioner.

(c) “Child Day Care Center” means a program of supplementary care for related or unrelated children outside their homes on a regular basis for a part of the 24 hours in one or more days in the week.

(d) “Commissioner” means the Commissioner of the Department of Human Resources.

(e) “Department” means the Department of Human Resources.

(f) “Expenditure year” means the calendar year in which amounts are invested in programs operated or created pursuant to an application approved in accordance with Section 17-613 (b) of the Connecticut General Statutes or in which expenditures are paid or incurred in relation to facilities pursuant to an application approved in accordance with Section 17-613 (c) of the Connecticut General Statutes.

(g) “Low income employee” is an individual, employed by the business firm making an application, whose gross wage from the firm at the time of application does not exceed fifty percent (50%) of the median income for an individual as annually established by the United States Department of Health and Human Services for the State of Connecticut.

(h) “Subsidy” means a direct money payment made by a business firm to an employee for the payment of child day care expenses, or paid to a provider on behalf of particular employees.

(i) “Tax credit allocation” means the amount of tax credit allocated by the Department to a business firm whose application for the Child Day Care Business Firm Tax Credit Programs has been approved by the Commissioner.

(Effective October 2, 1991)

Sec. 17-615-2. Child day care tax credit program

Any business firm which contributes or plans to contribute a subsidy for its employees’ child day care costs may apply for a tax credit allocation by submitting a written application on a form provided by the Department.

(Effective October 2, 1991)

Sec. 17-615-3. Program description

The Child Day Care Tax Credit program provides financial assistance to business firms as a benefit for helping employees pay the cost of child care. Business firms may receive

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tax credits of fifty (50%) percent of the amount spent to subsidize employees' child care costs during the tax year. The child care may be in any one of the following situations: licensed group day care home or center; registered family day care home; or care in the child's home or in a relative's home.

(Effective October 2, 1991)

Sec. 17-615-4. Business firm eligibility

(a) Applications from business firms shall be submitted to the Commissioner after the October first preceding the expenditure year and on or before June first of such expenditure year. The Commissioner shall approve or disapprove each application within sixty (60) days of receipt based on the information submitted, as well as the availability of funds.

(b) As part of the application approval process, the business firm shall be required to furnish the following for each employee receiving a subsidy:

- (1) The employee's name or identification number.
- (2) The name and address of the child day care providers expected to care for the children and an indication as to the type of child day care.
- (3) The amount to be subsidized for the employee's child day care expenses.
- (4) The yearly gross salary or wage of each employee.
- (5) The number of the employee's children expected to benefit from the subsidy.
- (6) The number of weeks during which it is expected that such children will be under the care of such providers.

(c) Applications submitted during any calendar month of the tax year shall be compared against all other applications received during that month. Preference shall be accorded to those applications that document the highest percentage of low income employees that are expected to benefit from a tax subsidy.

(d) In the event the allocation of funds for tax credits is not sufficient to finance all of the qualified applicants, priority shall be established first by the extent to which the tax credits will be used by low income employees and then by the date of the Department's receipt of the application.

(e) The applicant's principal place of business shall be furnished on the application.

(f) For those applications that are approved, the notification shall specify the maximum tax credit limit allocated to the business firm. A copy of such decision of approval shall be attached to the business firm's final tax return filed with the Department of Revenue Services.

(g) If an application is disapproved, the business firm shall be notified in writing of the reasons for the disapproval by the Commissioner.

(Effective October 2, 1991)

Sec. 17-615-5. Allotment of tax credit

(a) Any such business firm receiving a tax credit allocation shall, within thirty (30) days of the end of the expenditure year, submit a report of its actual expenditures in such year to

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the Commissioner.

(b) The amount of tax credit allowed under Section 17-613 (b) of the Connecticut General Statutes which is not exhausted in the expenditure year must be carried back to the five (5) preceding years (beginning with the earliest of such years) before any unexhausted balance can be carried forward to the five (5) succeeding years (beginning with the earliest of such years.)

(c) With respect to credits against the tax imposed under Chapter 212, any credit must be claimed on a quarterly tax return for a quarter ending in the expenditure year. With respect to credits against the tax imposed under Chapters 207, 210 or 211, any credit must be claimed on the annual tax return for the expenditure year. With respect to credits against the tax imposed under Chapter 208 or 209, any credit must be claimed on the annual tax return for the business firm's accounting period, for federal income tax purposes, with or within which the expenditure year ends.

(Effective October 2, 1991)

Sec. 17-615-6. Child day care center tax credit program

Any business firm that is planning to build a child day care center on or near the work site may apply for a tax credit allocation by submitting a written application on a form provided by the Department.

(Effective October 2, 1991)

Sec. 17-615-7. Program description

The Child Day Care Center Tax Credit program provides financial incentives to business firms for the establishment of facilities for child day care. Business firms may receive tax credits for planning, site preparation, construction, renovation or acquisition of child care facilities. Any equipment purchased or installed for permanent use within or adjacent to the facility (i.e., playground or kitchen equipment or appliances) may also be eligible for credit. The maximum tax credit shall be forty percent (40%) of expenditures, not to exceed \$20,000 per income year.

(Effective October 2, 1991)

Sec. 17-615-8. Application approval process

(a) Applications from business firms shall be submitted to the Commissioner after the October first preceding the expenditure year and on or before June first of the expenditure year. Applications shall be approved or rejected in writing by the Commissioner within sixty (60) days of receipt based on the information submitted, as well as the availability of funds.

(b) As part of the application approval process, business firms who are seeking a tax credit shall be required to indicate whether:

(1) the facility will be operated under a license from the state Department of Health Services.

(2) the facility will be operated by the applicant on a not-for-profit basis.

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(3) any other firms will seek a tax credit for sharing the costs of establishing the facility. All such firms may seek a proportional share of the tax credit.

(c) The applicant's principal place of business shall be furnished on the application.

(d) For those applications that are approved, the notification shall specify the maximum tax credit allocated to the business firm. A copy of such decision of approval shall be attached to the business firm's tax return filed with the State Department of Revenue Services.

(e) If an application is disapproved, the business firm shall be notified in writing of the reasons for the disapproval by the Commissioner.

(Effective October 2, 1991)

Sec. 17-615-9. Allotment of tax credit

(a) If two (2) or more business firms are contributing to the cost of establishing a child care facility, each business firm shall submit a separate application that indicates its contribution to such cost in the expenditure year.

(b) Any such business firm receiving such allocation shall, within thirty (30) days of the end of the expenditure year, submit a report of its actual expenditures to the Department.

(c) The amount of tax credit allowed under Section 17-613 (c) of the Connecticut General Statutes which is not exhausted in the expenditure year must be carried back to the five (5) preceding years (beginning with the earliest of such years) before any unexhausted balance can be carried forward to the five (5) succeeding years (beginning with the earliest of such years).

(d) With respect to credits against the tax imposed under Chapter 212, any credit must be claimed on a quarterly tax return for a quarter ending in the expenditure year. With respect to credits against the tax imposed under Chapter 207, 210 or 211, any credit must be claimed on the annual tax return for the expenditure year. With respect to credits against the tax imposed under Chapter 208 or 209, any credit must be claimed on the annual tax return for the business firm's accounting period, for federal income tax purposes, with or within which the expenditure year ends.

(Effective October 2, 1991)

Sec. 17-615-10. Business firm ineligibility

Business firms that regularly engage in the construction or operation of child day care facilities are not eligible to participate in the Child Day Care Center Tax Credit Program.

(Effective October 2, 1991)