



Instructions for Form CT-662

Child Care Creation and Expansion Credit

CT-662-I

General information

The child care creation and expansion credit is available to businesses that operate in New York State and have *created* or *expanded child care seats*, directly or through a third party, for their employees on or after April 1, 2023, and before January 1, 2025.

To claim the credit, you must submit a completed application to the Office of Children and Family Services (OCFS). If your application is approved, OCFS will issue a certificate of tax credit providing the amount of tax credit available to claim. OCFS will make all determinations regarding eligibility.

For more information about the child care creation and expansion credit, visit the OCFS website at ocfs.ny.gov/main/.

Eligibility

To be eligible for this credit, you must meet the following requirements:

- you are subject to tax under Tax Law Article 9-A, 22, or 33;
- you have received a certificate of tax credit **or** a share of the credit listed on the certificate issued by OCFS.

Definitions

Child care program means a child day care for which a license or registration to operate such program has been issued by OCFS pursuant to Social Services Law § 390.

Child care seats means the maximum number of children to be allowed on the premises of a child care program at any time that such program is in operation as specified on the license or registration issued for such program by OCFS.

Created child care means the making available of child care seats in a child care program by a business entity, directly or through a third party, for employees of such business entity, where such child care program was not available prior to April 1, 2023, provided that the costs imposed on such employees for such child care program do not exceed 40% (0.4) of the child care rate.

Expanded child care means the increase in the number of child care seats in a child care program made available by a business entity, directly or through a third party, for employees of such business entity, provided that such increase requires a new or amended license or registration issued by OCFS pursuant to Social Services Law § 390 on or after April 1, 2023, **and** that the costs imposed on such employees for such child care program do not exceed 40% (0.4) of the child care rate.

Child care rate means the weekly child care subsidy market rates, based on the eightieth percentile of the 2021-2022 New York State child care market rate survey, for infant and toddler care provided by a licensed or registered child care program, as reflected in the 2022 child care market rate survey report published by OCFS in compliance with the code of federal regulations, title 45, § 98.45.

Service year means the 12-month period, or portion thereof, beginning on January 1 and ending on December 31.

Credit details

The credit is limited to 25 infant and toddler child care seats per tax year.

The credit is equal to the sum of:

- the product of the number of infant child care seats that have been created or expanded and 20% (0.2) of the child care rate for such infant child care seats; **and**
- the product of the number of toddler child care seats that have been created or expanded and 20% (0.2) of the child care rate for such toddler child care seats.

Note: The credit amount may be reduced as a result of an allocation of available funds pursuant to Social Services Law § 394-e.

You **cannot**:

- use this credit to reduce the tax due to less than the fixed dollar minimum tax or the minimum tax,
- apply the credit against the metropolitan transportation business tax (MTA surcharge), or
- use any expenses or costs used in calculating this credit in the calculation of any other credits.

If you do not use the full amount of the credit against your tax liability this year, you may request a refund or apply the overpayment to next year's tax. However, the Tax Department will not pay interest on the refund or overpayment.

You are required to recapture any previous credit due to a revocation of a certificate of tax credit. See *Schedule D*.

How to claim the credit

Claim the tax credit in the taxable year that includes the last day of the *service year* for which the credit is calculated. You can find the service year on the certificate of tax credit OCFS issued to your business.

New York S corporations: You must calculate the credit and file this form with Form CT-3-S, *New York S Corporation Franchise Tax Return*. However, the S corporation may not use the credit against its own tax liability. Instead, the S corporation must pass the credit through to its shareholders to use against their personal income tax liabilities on their New York State personal income tax returns.

Combined filers: A taxpayer filing as a member of a combined group may claim the credit, which is calculated on a separate basis but applied against the combined tax.

Individuals: If you are an individual partner in a partnership (including members of a limited liability company treated as a partnership for federal tax purposes), or a shareholder of an S corporation, and you wish to claim the child care creation and expansion credit, use Form IT-662, *Child Care Creation and Expansion Credit*. Do **not** file Form CT-662.

Line instructions

Line A: Mark an **X** in the appropriate box to determine the parts of this form you need to complete. If you are claiming this credit **both** as a corporation that earned the credit **and** as a corporate partner receiving a share of the credit, mark an **X** in the Yes box and complete all appropriate schedules on one Form CT-662.

Lines B through F: If you do not enter the correct information, your credit may be denied. Partners must get this information from their partnership. You must submit a copy of your certificate with your return.

Additional forms: If you have more entries than will fit on the lines provided in Schedule A, B, or D, submit additional Forms CT-662, completing only the necessary schedules. Include your name and taxpayer identification number on each form. On the indicated lines of the first Form CT-662, include the totals from all additional Forms CT-662. Place the extra forms behind the first Form CT-662 and submit them with your return.

Schedule A: Calculation of credit

To complete this schedule, use the information from the *certificate of tax credit* you received from OCFS. The amount entered cannot exceed the amount shown on the certificate of tax credit. If needed, see *Additional forms*.

Schedule B: Partnership information

If you were a partner in a partnership and received a share of the child care creation and expansion credit from that entity, complete this schedule. Enter the name, employer identification number, certificate number, and the credit amount passed through to you from each partnership. Obtain this information from all partnerships allocating the credit to you. If needed, see *Additional forms*.

Line 5

New York S corporations: Transfer this amount to the applicable line of Form CT-34-SH, *New York S Corporation Shareholders' Information Schedule*, and provide your shareholders with their proportionate share of this line. The shareholders will file Form IT-662 to claim this credit on their New York State personal income tax returns.

Schedule C: Calculation of credit used, refunded, or credited as an overpayment to the next tax year

Lines 6 and 9 entries table

If you filed	Enter on line 6 any net recapture of other tax credits, plus the amount from	Enter on line 9 the minimum tax below
Form CT-3	Part 2, line 2	Part 2, line 1c amount
Form CT-3-A	Part 2, line 2	Part 2, line 1c amount
Form CT-33	Line 11	250
Form CT-33-A	Line 15	Line 4 plus Line 12
Form CT-33-NL	Line 5	250

Line 6: Enter your tax due before credits using the *Lines 6 and 9 entries table*.

Line 7: If you are claiming more than one tax credit for this year, enter the total amount of credits you claimed before applying this credit; otherwise enter **0**. You **must** apply tax credits in a specific order.

Article 9-A filers: For the correct order of credits, see Form CT-600-I, *Instructions for Form CT-600, Ordering of Corporation Tax Credits*.

All other taxpayers refer to the instructions of their franchise tax return to determine the order of credits that applies.

Combined filers: Include the total amount of all tax credits that you **and** other members of the combined group are claiming—including the child care creation and expansion credit—that you want to apply before you apply this credit.

Line 9: Enter the minimum tax using the *Lines 6 and 9 entries table*.

Schedule D: Recapture of credit

If OCFS has partially or entirely revoked a previously claimed child care creation and expansion credit you earned directly or from a partnership, the amount of credit revoked by OCFS must be added back to your tax for the tax year in which the revocation becomes final.

Enter the certificate number in column A, and the amount of recaptured credit in column B. If needed, see *Additional forms*.

Line 15

Enter this amount as a negative number using a minus sign (-) in the appropriate box of the *Summary of tax credits claimed* section of your franchise tax return.

New York S corporations: Enter this amount on Form CT-34-SH and provide your shareholders with their proportionate share of this amount. The shareholder will enter this amount on Form IT-662.