



Instructions for Form IT-662

Child Care Creation and Expansion Credit

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.

Do not include any expense or cost, paid or incurred, to calculate **this** credit that you used to calculate **any other** tax credit.

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 E*.

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.

If you are an individual, a beneficiary or fiduciary of an estate or trust, a 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, claim the credit by filing Form IT-662 with your tax return.

A **married couple** in a business enterprise that made an IRC 761 (f) election to file **two federal Schedule C forms** instead of a partnership return: If you file jointly, calculate your credit as if you were filing one federal Schedule C for the business.

An **estate or trust** that divides the credit among itself and its beneficiaries must submit Form IT-662 with Form IT-205, *Fiduciary Income Tax Return*, showing each beneficiary's share of the credit.

A **partnership** must file Form IT-662 with Form IT-204, *Partnership Return*, showing the total credit.

A **New York S corporation** does **not** file Form IT-662. It must file Form CT-662, *Child Care Creation and Expansion Credit*.

If you are a **shareholder of an S corporation**, obtain your share of the child care creation and expansion credit from the S corporation and follow the instructions on this form for claiming the credit on your personal income tax return.

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 an individual (sole proprietor), partnership, or fiduciary of an estate or trust that earned the credit **and** as a partner, shareholder, or beneficiary receiving a share of the credit, mark an **X** in the **Yes** box and complete all appropriate schedules on one Form IT-662.

Note: If more than one set of instructions applies to you, complete all appropriate schedules of the form on one Form IT-662.

Lines B through F: If you do not enter the correct information, your credit may be denied. Partners, shareholders, or beneficiaries **must** get this information from their partnership, S corporation, or estate or trust. 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, C, or E, submit additional Forms IT-662, completing only the necessary schedules. Include your name and taxpayer identification number on each form. On the indicated lines of the first Form IT-662, include the totals from all additional Forms IT-662. Place the extra forms behind the first Form IT-662 and submit them with your return.

Schedule A: Individual (including sole proprietor), partnership, and estate or trust

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: Partner's, shareholder's, or beneficiary's share of credit

Enter the appropriate information for each partnership, New York S corporation, or estate or trust from which you received a share of the child care creation and expansion credit. Obtain your share of the credit and certificate information from your partnership, S corporation, or estate or trust. If needed, see *Additional forms*.

Schedule C: Beneficiary's and fiduciary's share of credit

An estate or trust must complete this schedule. If an estate or trust allocates or assigns the credit to its beneficiaries, it must base the division on each beneficiary's proportionate share of the income of the estate or trust. Provide the beneficiaries with their share of the credit. If needed, see *Additional forms*.

Schedule D: Calculation of credit

Lines 8 through 10: Complete the lines that apply to you.

Fiduciary: Do not enter any amounts on line 8 or 9.

Line 11

Individual: Enter the amount from line 11 and code **662** on:

- Form IT-201-ATT, line 12; or
- Form IT-203-ATT, line 12.

Partnership: Enter the amount from line 11 and code **662** on Form IT-204, line 147.

Fiduciary: Enter the amount from line 11 on Form IT-205, line 33.

Schedule E: 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.

S corporations, partnerships, and fiduciaries must provide their shareholders, partners, and beneficiaries the certificate number and their share of the recaptured credit.

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