LOUISIANA DEPARTMENT OF EDUCATION

Workforce Child Care Tax Credits FAQs for Businesses

Formerly School Readiness Tax Credits (SRTC)

1. What is Act 454, and how does it affect School Readiness Tax Credits?

During the 2025 Regular Session, the Louisiana Legislature passed Act 454, which renames the School Readiness Tax Credits as the Workforce Child Care Tax Credits (WCCTC) and amends the provisions relative to business-supported childcare, effective January 1, 2026.

2. When did the provisions of Act 454 become effective?

Act 454 became effective January 1, 2026.

3. What are the Workforce Child Care Tax Credits for businesses and employers?

The tax credits are a package of refundable state tax credits designed to support quality childcare. Some of these state tax credits are available to businesses and are NOT dependent on whether the business owes state income or corporate franchise taxes. Furthermore, the credits are available for both for-profit and non-profit businesses.

There are two types of tax credits available to businesses/employers:

1) a refundable state tax credit based on a percentage of the "eligible expenses" incurred in support of childcare sites participating in Louisiana's quality star rating and improvement system, **and**

2) a refundable state tax credit for donations made to childcare resource and referral agencies.

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4. Did the “eligible expenses” change due to Act 454?

No, however Act 454 doubled the amount of eligible business childcare expenses that can be claimed for the refundable credit and increases the credit rate for childcare facilities with a star rating of three, four, or five. The changes are outlined in the chart below:

Expense Type	Previous Limit	New Limit
Equipment purchase, repair or facility construction/renovation/expansion/major repair	$50,000	$100,000
Payments to eligible child care sites for services supporting employees	$5,000	$10,000
Purchase of child care slots at eligible child care facilities for children of employees	$50,000	$100,000

5. How are the percentages of the eligible expenses determined?

The amount of the tax credit is tied to the star rating of the childcare site as follows:

Star Rating of the Site	Previous Credit Percentage	“New Credit Rate” Percentage of Eligible Expenses
1 Star	0%	0%
2 Stars	5%	0%
3 Stars	10%	30%
4 Stars	15%	40%
5 Stars	20%	50%

Example: A local area restaurant owner decides to donate $10,000 to help a neighborhood childcare site with 3 stars renovate a play area. In this scenario, the restaurant owner would earn a $3,000 refundable state tax credit (30% of $10,000).

6. Can my business take advantage of all three of the definitions of "eligible expenses?"

Yes, the "eligible expenses" are cumulative, so your business can donate up to $50,000 for renovations, purchase up to $50,000 in childcare slots for your employees, and subsidize childcare for as many employees as you wish (up to $5,000 per child).

> **Example**: A local area restaurant owner decides to donate $10,000 to help a neighborhood childcare site with 3 stars renovate a play area. In addition, this same owner provides a $3,000 per child subsidy to 10 of his employees who can use these funds at the childcare site of their choice. (For ease of illustration, we will assume all 10 employees chose to put their child at a 3-star site.)
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> Also, the owner pre-purchases 10 childcare slots at the 3-star site across the street from his restaurant at a total annual cost of $40,000.
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> Therefore, the total eligible expenses are: $10,000 + $30,000 + $40,000 = $80,000. As all these efforts took place at a 3-star site, the owner would receive a refundable state tax credit of $24,000 (30% of $80,000).
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> Note that if this owner also decided to donate $5,000 to a Child Care Resource and Referral agency, then his credit would increase to $29,000 ($24,000 +$5,000) as this component of the tax credit is dollar for dollar up to $5,000 per the Resource and Referral agency.

7. What steps should a new business take to participate in the WCCTC business-supported childcare credit program?

An application must be submitted annually by taxpayers who wish to claim the credit. The completed WCCTC for Business-Supported Child Care Application must be submitted electronically through LaTap and include the following information:

1) the name and Louisiana revenue tax identification number of the childcare facility to or for whom the eligible expenses were paid or made;
2) the amount and nature of qualifying expenses at each childcare facility, as defined in R.S.47:6102;
3) the childcare facility's star rating; and
4) the facility's license number.

If approved, the Department of Revenue will provide each approved applicant with a letter indicating the amount of the credit earned and the taxable period in which the credit may be used.

For detailed information on how to claim WCCTC on your taxes, it is recommended that you contact your tax preparer or the Louisiana Department of Revenue.

8. How do businesses file for and file for the WCCTC?

To file the business tax return:

- Filing individually: complete tax form IT-540
- Filing as a corporation or franchise: complete tax form CIFT-620
- Filing for non-profit organization: complete tax form CIFT-620

On your tax form, you will need to use the correct codes to claim the Workforce Child Care Tax Credits.

- For donations and discounts to childcare centers, use code 67F
- For donations to Child Care Resource and Referral agencies, use code 68F

Visit the Tax Forms page to download the most recent forms for Individuals or Businesses.

9. I submitted a claim for the tax credit. Where is my refund for the Workforce Child Care Tax Credit?

Please contact the Louisiana Department of Revenue for refund status at 225-219-0102 (individual) or 225-219-7462 (business) or visit https://revenue.louisiana.gov/individuals/general-resources/school-readiness-credit/

10. How can my business receive a refundable state tax credit for donations to Child Care Resource and Referral Agencies?

Businesses can receive a dollar-for-dollar refundable tax credit for up to $5,000 for donations to Child Care Resource and Referral Agencies. These are private agencies that contract with the Department of Education to provide important information and services to parents and childcare providers. The Louisiana Department of Education has contracted with the following agencies to be the Child Care Resource and Referral agencies.

Region	Resource & Referral Agency	Executive Director	Contact Number	Website
New Orleans	Agenda for Children	Tara Zapp	504-586-8509	www.agendaforchildren.org
Covington	Agenda for Children	Tara Zapp	504-586-8509	www.agendaforchildren.org
Thibodaux	Agenda for Children	Tara Zapp	504-586-8509	www.agendaforchildren.org
Baton Rouge	VOA/Partnerships in Child Care	Tonya Harden	337-704-2838	www.voa.org
Lake Charles	VOA/Partnerships in Child Care	Tonya Harden	337-704-2838	www.voa.org
Alexandria	VOA/Partnerships in Child Care	Tonya Harden	337-704-2838	www.voa.org
Jefferson	Jefferson Ready Start Network	Lillian Guilbault	504-349-8921	www.jeffersonreadystartnetwork.com
Shreveport	NSU Child and Family Network	Nancy Alexander	318-677-3150	https://cfn.nsula.edu/
Monroe	Children's Coalition for NE Louisiana/ Child Care Connections	Racine Bridges	318-323-8775	www.childrenscoalition.org
Lafayette *parish only	On Track by 5 Alliance	Shannon Bernard	337-521-7134	https://sites.google.com/a/lpssonline.com/on-track-by-5
Pointe Coupee	Pointe Coupee Early Childhood Coalition (PCECC)	Dr. Willie Louviere	225-618-6688	https://www.pcearlystart.org/

11. Can my business donate to more than one Resource and Referral Agency?

Yes, businesses may claim a refundable tax credit with one or more Child Care Resource and Referral agencies.

12. Which businesses are eligible to receive these tax credits?

All businesses are eligible. A business is defined as any for-profit or not-for-profit entity and includes sole proprietors (so long as the individual is not acting in his/her personal capacity), partnerships, limited liability corporations and corporations. However, as it does not include any individual operating in their personal capacity, the tax credit is not available to individuals who make donations, as described above.

13. Can a not-for-profit business receive these credits as well?

Yes, but non-profits will need to register as a business with the Department of Revenue and receive a Louisiana tax ID number. Many non-profits will already be registered and have a state tax ID number because it is needed for withholding purposes for their employees. If for some reason a non-profit does not have a state tax ID number, please go to the Louisiana Department of Revenue website for more information. To claim the tax credits, the non-profit will file a corporate income tax return claiming zeros for income (unless they have unrelated business taxable income) and claiming the refundable tax credits which will generate a refund.

14. What is a tax credit, and how is it different from a tax deduction?

A tax credit reduces the taxes paid, dollar-for-dollar. A tax deduction lowers taxable income.

15. What is a refundable tax credit?

A refundable tax credit is one that is available to a taxpayer even if they do not owe any taxes. Refundable tax credits first reduce the amount of taxes you owe by the amount of the credits. If the credits exceed your business' tax burden, then you will receive a check for the difference.

For example, if your business earns $20,000 in tax credits and it owes $25,000 in state taxes, its state tax bill will be reduced to $5,000. However, if the business owed $15,000 in state taxes, it will no longer owe those taxes, and your business will receive a check for $5,000. If you have a non-profit business and it does not owe any taxes, it will receive the full value of the tax credits, in this example, a check for $20,000.

16. Where does the tax credit for businesses exist in law? (What is the citation for the tax credit law?)

You can find the law at La. Rev. Stat. § 47: 6102 and 6107-08. These can be accessed via the Web at http://legis.la.gov/Legis/Law.aspx?p=y&d=453229

17. Where can businesses obtain a tax ID?

You can apply for a tax ID via the IRS.gov, Employer Identification number. Choose from the following options:

1. Online. Get in EIN now, free, direct at Apply for an EIN (fastest)
2. Fax completed SS-4, Application for Employer Identification Number to 855-641-6935. Submitting via fax with a return number allows the IRS to send your EIN on a cover sheet within approximately four business days. Please note that the IRS has discontinued providing the SS-4 form with the EIN notation.
3. Mail completed SS-4, Application for Employer Identification Number to Internal Revenue Service. Attn: EIN Operation, Cincinnati, OH 45999. You'll get your EIN in approximately 4 weeks.

Please be aware that elevated inventory volumes could lead to potential processing delays. For the latest updates, you may review the Processing status for tax forms within the "Other forms" category, which is refreshed every two weeks.

Important Note: For the 2026 tax year, the total tax credit available to be claimed statewide is $1 million, which is allowed to grow to a maximum of $5 million in future years based on utilization. Because of this cap, applications for each tax credit will be approved on a **first-come, first-served basis**.
For this reason, it is important that businesses apply for the credits as early as possible.

More detailed information is available from the Department of Revenue: **Workforce Child Care Tax Credits Bulletin #25-029**