

Pennsylvania Employer Child Care Contribution Tax Credit

Pennsylvania offers a tax credit to employers who choose to help cover employees' child care costs.

How it works

- Employers who contribute toward an employee's child care costs at a [licensed or certified provider](#) may receive a state tax credit equal to 30% of that contribution.
- Contributions capped at \$500 per employee per year
 - Example: If you contribute \$500 → you receive a \$150 tax credit
- Credit is non-refundable
- Requires a simple annual [application](#)
- [Employer Child Care Contribution Tax Credit Application Guide](#)

Why it matters

Employers are using this as a practical way to:

- Support employee retention
- Reduce absenteeism tied to child care disruptions
- Stay competitive in hiring

What to know

- No requirement to operate or manage child care
- Can be piloted with a small group of employees
- Must contribute to a licensed provider and maintain basic documentation

*Employers should consult their tax advisor to determine eligibility.