

DC Tax Flash: House Approves Bill to Boost Child Care Funding and Tax Incentives

Tax Alert
07.29.2020

The House today approved legislation ([H.R. 7327](#)) that provides additional funding for child care and increases and makes refundable the child care and dependent care tax credit. The Child Care For Economic Recovery Act was approved on a 250-161 vote. Although the bill is not expected to advance in the Senate, Congressional Democrats may seek inclusion of its provisions in the broader coronavirus relief bill unveiled earlier this week by Senate Republicans.

H.R. 7327 includes the following tax provisions, as listed and scored by the Joint Committee on Taxation (JCT):

- Refundability and enhancement of child and dependent care tax credit;
- Increase in exclusion for employer-provided dependent care assistance;
- Payroll credit for certain fixed expenses of child care facilities subject to closure by reason of COVID-19 (sunset 12/31/20);
- Payroll credit for certain employee dependent care expenses paid by employers (sunset 12/31/20);
- Flexibility for dependent care flexible spending arrangements; and
- Employee retention credit allowed with respect to employment of domestic workers.

The JCT revenue score for the bill is [posted here](#). It estimates that the bill's tax provisions would reduce revenue by \$91 billion over 10 years.

The text of the legislation is [posted here](#).

[Miller & Chevalier Coronavirus Task Force](#)

The outbreak of COVID-19 is creating significant business and legal challenges for companies throughout the world. In response to client demand, the firm has formed an interdisciplinary task force to help businesses navigate these issues.

[COVID-19 Resource Library](#)

We also maintain a resource library of [legislative responses](#) and [regulatory guidance](#) related to COVID-19.

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