CHILDCARE AS A WORKFORCE INVESTMENT

Aspire economic development + chamber alliance

JOHNSON COUNTY COMMUNITY FOUNDATION

Indiana's Employer Childcare Expenditure tax credit, expanded by House Enrolled Act 1177 for 2026 and on, helps Hoosier Businesses recruit, retain, and support their talent by turning childcare support into a direct reduction of your state tax bill.

GET HALF OF YOUR INVESTMENT BACK

50%

Indiana credits 50 cents for every $1 that you spend supporting employee childcare – a dollar for a dollar credit against your state tax liability, not just a deduction.

100K: Maximum credit per employer each year
3 YEARS: Carry any unused credit forward
CODE 876: Claim it on your Indiana return

1 WHO QUALIFIES

- Any Indiana business that has 500 or fewer employees that have state tax liability
- S-Corps, LLCs and partnerships

Exception: Businesses already operating in the childcare industry before investing cannot claim the credit.

2 HOW TO CLAIM IT

- Report it on your Indiana state tax return using code 876 with your offset credit schedule
- No application, no pre-approval and no agency to register with in advance
- Keep documentation of your spending and confirm your provider is licensed
- Simply claim it when you file

3 WHAT SPENDING COUNTS – YOU DON'T HAVE TO BUILD A DAYCARE

- Running an onsite daycare facility
- Subsidizing or prepaying spots at a licensed Indiana provider for employees' children
- Contracting with a third party childcare provider
- Covering operating costs or staff training costs at a childcare facility
- Paying for a childcare resource and referral service for employees
- Provider just needs to be licensed with the Indiana Division of Family Resources

ACT FAST

Indiana caps the statewide credit pool at $2.5 million per year, awarded first-come, first-served as returns are filed. Once it's claimed it's gone for that year –file early.

SCAN FOR MORE INFORMATION