

able credit to holders of clean renewable energy bonds”, I “Qualified tax credit bonds”, and J “Build America bonds”.

2009—Pub. L. 111-5, div. B, title I, §1531(c)(6), Feb. 17, 2009, 123 Stat. 360, added item for subpart J.

2008—Pub. L. 110-234, title XV, §15316(c)(5), May 22, 2008, 122 Stat. 1511, and Pub. L. 110-246, title XV, §15316(c)(5), June 18, 2008, 122 Stat. 2273, made identical amendments, adding items for subparts H and I and striking out item for former subpart H “Nonrefundable credit to holders of certain bonds”. The amendment by Pub. L. 110-234 was repealed by Pub. L. 110-246, §4(a), June 18, 2008, 122 Stat. 1664.

2005—Pub. L. 109-58, title XIII, §1303(c)(1), Aug. 8, 2005, 119 Stat. 996, added item for subpart H.

1996—Pub. L. 104-188, title I, §§1201(e)(3), 1601(b)(2)(F)(ii), Aug. 20, 1996, 110 Stat. 1772, 1833, substituted “Other credits” for “Foreign tax credit, etc.” in item for subpart B and “work opportunity credit” for “targeted jobs credit” in item for subpart F.

1990—Pub. L. 101-508, title XI, §11813(b)(26), Nov. 5, 1990, 104 Stat. 1388-555, substituted “Rules for computing investment credit” for “Rules for computing credit for investment in certain depreciable property” in item for subpart E.

1984—Pub. L. 98-369, div. A, title IV, §§471(a), 474(n)(3), July 18, 1984, 98 Stat. 825, 834, substituted “Nonrefundable personal credits” for “Credits allowable” in item for subpart A, “Foreign tax credit, etc” for “Rules for computing credit for investment in certain depreciable property” in item for subpart B, “Refundable credits” for “Rules for computing credit for expense of work incentive programs” in item for subpart C, and “Business-related credits” for “Rules for computing credit for employment of certain new employees” in item for subpart D, and added items for subparts E and F.

1977—Pub. L. 95-30, title II, §202(d)(1)(B), May 23, 1977, 91 Stat. 147, added subpart D.

1971—Pub. L. 92-178, title VI, §601(c)(1), Dec. 10, 1971, 85 Stat. 557, added subpart C.

#### SUBPART A—NONREFUNDABLE PERSONAL CREDITS

Sec.

21. Expenses for household and dependent care services necessary for gainful employment.
22. Credit for the elderly and the permanently and totally disabled.
23. Adoption expenses.
24. Child tax credit.
25. Interest on certain home mortgages.
- 25A. American Opportunity and Lifetime Learning credits.
- 25B. Elective deferrals and IRA contributions by certain individuals.
- 25C. Nonbusiness energy property.
- 25D. Residential energy efficient property.
26. Limitation based on tax liability; definition of tax liability.

#### AMENDMENTS

2018—Pub. L. 115-141, div. U, title I, §101(l)(10), Mar. 23, 2018, 132 Stat. 1165, substituted “American Opportunity and Lifetime Learning credits” for “Hope and Lifetime Learning credits” in item 25A.

2010—Pub. L. 111-148, title X, §10909(b)(2)(O), (c), Mar. 23, 2010, 124 Stat. 1023, as amended by Pub. L. 111-312, title I, §101(b)(1), Dec. 17, 2010, 124 Stat. 3298, temporarily struck out item 23 “Adoption expenses”. See Effective and Termination Dates of 2010 Amendment note set out under section 1 of this title.

2005—Pub. L. 109-58, title XIII, §§1333(b)(2), 1335(b)(5), Aug. 8, 2005, 119 Stat. 1030, 1036, added items 25C and 25D.

2001—Pub. L. 107-16, title VI, §618(c), June 7, 2001, 115 Stat. 108, added item 25B.

1998—Pub. L. 105-206, title VI, §6004(a)(1), July 22, 1998, 112 Stat. 792, substituted “Hope and Lifetime Learning credits” for “Higher education tuition and related expenses” in item 25A.

1997—Pub. L. 105-34, title I, §101(d)(3), title II, §201(e), Aug. 5, 1997, 111 Stat. 799, 806, added items 24 and 25A.

1996—Pub. L. 104-188, title I, §1807(c)(6), Aug. 20, 1996, 110 Stat. 1902, added item 23.

1990—Pub. L. 101-508, title XI, §11801(b)(1), Nov. 5, 1990, 104 Stat. 1388-522, struck out item 23 “Residential energy credit”.

1986—Pub. L. 99-514, title I, §112(b)(5), Oct. 22, 1986, 100 Stat. 2109, struck out item 24 “Contributions to candidates for public office”.

1984—Pub. L. 98-369, div. A, title IV, §§471(b), 612(f), July 18, 1984, 98 Stat. 826, 913, substituted “Nonrefundable Personal Credits” for “Credits Allowable” as subpart A heading, struck out analysis of sections 31 through 45 formerly comprising subpart A, and inserted a new analysis of sections consisting of items 21 (formerly 44A), 22 (formerly 37), 23 (formerly 44C), 24 (formerly 41), and 25 and 26 (newly enacted).

1983—Pub. L. 98-67 repealed amendments made by Pub. L. 97-248. See 1982 Amendment note below.

Pub. L. 98-21, title I, §122(c)(7), Apr. 20, 1983, 97 Stat. 87, inserted “and the permanently and totally disabled” to item 37.

Pub. L. 97-424, title V, §515(b)(6)(D), Jan. 6, 1983, 96 Stat. 2181, substituted “and special fuels” for “, special fuels, and lubricating oil” after “gasoline” in item 39.

Pub. L. 97-414, §4(c)(1), Jan. 4, 1983, 96 Stat. 2056, added item 44H.

1982—Pub. L. 97-248, title III, §§307(b)(3), 308(a), Sept. 3, 1982, 96 Stat. 590, 591, provided that, applicable to payments of interest, dividends, and patronage dividends paid or credited after June 30, 1983, item 31 is amended to read “Tax withheld on wages, interest, dividends, and patronage dividends”. Section 102(a), (b) of Pub. L. 98-67, title I, Aug. 5, 1983, 97 Stat. 369, repealed subtitle A (§§301-308) of title III of Pub. L. 97-248 as of the close of June 30, 1983, and provided that the Internal Revenue Code of 1954 [now 1986] [this title] shall be applied and administered (subject to certain exceptions) as if such subtitle A (and the amendments made by such subtitle A) had not been enacted.

1981—Pub. L. 97-34, title II, §221(c)(2), title III, §331(e)(2), Aug. 13, 1981, 95 Stat. 247, 295, added items 44F and 44G.

1980—Pub. L. 96-223, title II, §§231(b)(1), 232(b)(3)(B), Apr. 2, 1980, 94 Stat. 272, 276, added items 44D and 44E.

1978—Pub. L. 95-618, title I, §101(b)(1), Nov. 9, 1978, 92 Stat. 3179, added item 44C.

1977—Pub. L. 95-30, title I, §101(e)(1), title II, §202(d)(1)(A), May 23, 1977, 91 Stat. 134, 147, added item 44B and struck out item 36 “Credit not allowed to individuals taking standard deduction”.

1976—Pub. L. 94-455, title IV, §401(a)(2)(D), title V, §§501(c)(2), 503(b)(5), 504(a)(2), title XIX, §1901(b)(1)(Z), Oct. 4, 1976, 90 Stat. 1555, 1559, 1562, 1565, 1792, substituted in item 42 “General tax credit” for “Taxable income credit”, struck out in item 36 “pay optional tax or”, inserted in item 33 “possession tax credit”, substituted in item 37 “Credit of the elderly” for “Retirement income”, added item 44A, and struck out item 35 “Partially tax-exempt interest received by individuals”.

1975—Pub. L. 94-164, §3(a)(2), Dec. 23, 1975, 89 Stat. 973, substituted “Taxable income credit” for “Credit for personal exemptions” in item 42.

Pub. L. 94-12, title II, §§203(b)(1), 204(c), 208(d)(1), Mar. 29, 1975, 89 Stat. 30, 32, 35, renumbered item 42 as 45 and added item 42 applicable to taxable years ending after Dec. 31, 1974, but to cease to apply to taxable years ending after Dec. 31, 1975, item 43 applicable to taxable years beginning after Dec. 31, 1974, but before Jan. 1, 1976, and item 44.

1971—Pub. L. 92-178, title VI, §601(c)(2), Dec. 10, 1971, 85 Stat. 557, added items 40 and 41, and redesignated former item 40 as 42.

1970—Pub. L. 91-258, title II, §207(d)(10), May 21, 1970, 84 Stat. 249, inserted “, special fuels,” after “gasoline” in item 39.

1965—Pub. L. 89-44, title VIII, §809(d)(1), June 21, 1965, 79 Stat. 167, added item 39 and redesignated former item 39 as 40.

1964—Pub. L. 88-272, title II, §201(d)(1), Feb. 26, 1964, 78 Stat. 32, struck out item 34.

1962—Pub. L. 87-834, §2(g)(1), (2), Oct. 16, 1962, 76 Stat. 972, 973, added headings of subparts A and B and item 38, and redesignated former item 38 as 39.

**§ 21. Expenses for household and dependent care services necessary for gainful employment**

**(a) Allowance of credit**

**(1) In general**

In the case of an individual for which there are 1 or more qualifying individuals (as defined in subsection (b)(1)) with respect to such individual, there shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to the applicable percentage of the employment-related expenses (as defined in subsection (b)(2)) paid by such individual during the taxable year.

**(2) Applicable percentage defined**

For purposes of paragraph (1), the term “applicable percentage” means 35 percent reduced (but not below 20 percent) by 1 percentage point for each \$2,000 (or fraction thereof) by which the taxpayer’s adjusted gross income for the taxable year exceeds \$15,000.

**(b) Definitions of qualifying individual and employment-related expenses**

For purposes of this section—

**(1) Qualifying individual**

The term “qualifying individual” means—

(A) a dependent of the taxpayer (as defined in section 152(a)(1)) who has not attained age 13,

(B) a dependent of the taxpayer (as defined in section 152, determined without regard to subsections (b)(1), (b)(2), and (d)(1)(B)) who is physically or mentally incapable of caring for himself or herself and who has the same principal place of abode as the taxpayer for more than one-half of such taxable year, or

(C) the spouse of the taxpayer, if the spouse is physically or mentally incapable of caring for himself or herself and who has the same principal place of abode as the taxpayer for more than one-half of such taxable year.

**(2) Employment-related expenses**

**(A) In general**

The term “employment-related expenses” means amounts paid for the following expenses, but only if such expenses are incurred to enable the taxpayer to be gainfully employed for any period for which there are 1 or more qualifying individuals with respect to the taxpayer:

- (i) expenses for household services, and
- (ii) expenses for the care of a qualifying individual.

Such term shall not include any amount paid for services outside the taxpayer’s household at a camp where the qualifying individual stays overnight.

**(B) Exception**

Employment-related expenses described in subparagraph (A) which are incurred for

services outside the taxpayer’s household shall be taken into account only if incurred for the care of—

- (i) a qualifying individual described in paragraph (1)(A), or
- (ii) a qualifying individual (not described in paragraph (1)(A)) who regularly spends at least 8 hours each day in the taxpayer’s household.

**(C) Dependent care centers**

Employment-related expenses described in subparagraph (A) which are incurred for services provided outside the taxpayer’s household by a dependent care center (as defined in subparagraph (D)) shall be taken into account only if—

- (i) such center complies with all applicable laws and regulations of a State or unit of local government, and
- (ii) the requirements of subparagraph (B) are met.

**(D) Dependent care center defined**

For purposes of this paragraph, the term “dependent care center” means any facility which—

- (i) provides care for more than six individuals (other than individuals who reside at the facility), and
- (ii) receives a fee, payment, or grant for providing services for any of the individuals (regardless of whether such facility is operated for profit).

**(c) Dollar limit on amount creditable**

The amount of the employment-related expenses incurred during any taxable year which may be taken into account under subsection (a) shall not exceed—

- (1) \$3,000 if there is 1 qualifying individual with respect to the taxpayer for such taxable year, or
- (2) \$6,000 if there are 2 or more qualifying individuals with respect to the taxpayer for such taxable year.

The amount determined under paragraph (1) or (2) (whichever is applicable) shall be reduced by the aggregate amount excludable from gross income under section 129 for the taxable year.

**(d) Earned income limitation**

**(1) In general**

Except as otherwise provided in this subsection, the amount of the employment-related expenses incurred during any taxable year which may be taken into account under subsection (a) shall not exceed—

- (A) in the case of an individual who is not married at the close of such year, such individual’s earned income for such year, or
- (B) in the case of an individual who is married at the close of such year, the lesser of such individual’s earned income or the earned income of his spouse for such year.

**(2) Special rule for spouse who is a student or incapable of caring for himself**

In the case of a spouse who is a student or a qualifying individual described in subsection (b)(1)(C), for purposes of paragraph (1), such spouse shall be deemed for each month during