

SENATE, No. 4708

STATE OF NEW JERSEY
222nd LEGISLATURE

INTRODUCED OCTOBER 1, 2026

Sponsored by:
Senator LATHAM TIVER
District 8 (Atlantic and Burlington)

SYNOPSIS

Allows gross income tax deduction for employment-related childcare expenses.

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT allowing a gross income tax deduction for employment-
2 related childcare expenses, supplementing Title 54A of the New
3 Jersey Statutes, and amending P.L.2018, c.45.

4
5 **BE IT ENACTED** by the Senate and General Assembly of the State
6 of New Jersey:

7
8 1. (New section) a. A taxpayer shall be allowed to deduct from
9 the taxpayer's gross income an amount equal to the employment-
10 related expenses for dependent care services paid by the taxpayer
11 during the taxable year.

12 b. Any expenses for which a credit is claimed pursuant to section
13 5 of P.L.2018, c.45 (C.54A:4-17) shall not be allowed as a deduction
14 for the purposes of this section.

15 c. As used in this section:

16 "Dependent care services" means services for the care of a
17 dependent of the taxpayer who has not attained age 13.

18 "Employment-related expenses" means the same as defined in
19 section 21 of the Internal Revenue Code (26 U.S.C. s. 21), except not
20 including expenses for household services.

21
22 2. Section 5 of P.L.2018, c.45 (C.54A:4-17) is amended to read
23 as follows:

24 5. a. A resident taxpayer with New Jersey taxable income of
25 \$150,000 or less who is allowed a credit for expenses for household
26 and dependent care services for federal income tax purposes pursuant
27 to section 21 of the Internal Revenue Code (26 U.S.C. s.21) shall be
28 allowed a credit against the tax otherwise due pursuant to the "New
29 Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq. The credit shall
30 be in an amount equal to a percentage of the credit allowed the
31 taxpayer for federal income tax purposes for the taxable year,
32 according to the following schedule:

NJ taxable income is:	Amount of
	NJ credit is:
Not over \$30,000	50% of federal
credit	
over \$30,000 but not over \$60,000	40% of federal
credit	
over \$60,000 but not over \$90,000	30% of federal
credit	
over \$90,000 but not over \$120,000	20% of federal
credit	
over \$120,000 but not over \$150,000	10% of
federal credit.	

EXPLANATION – Matter enclosed in bold-faced brackets **[thus]** in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

1 The \$150,000 income limit set forth in this subsection shall apply to
2 taxpayers of any filing status.

3 b. If the amount of the credit allowed pursuant to this section
4 exceeds the amount of gross income tax otherwise due pursuant to
5 the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq., the
6 amount of excess shall be treated as a refundable overpayment.

7 c. Married couples shall file a joint return in order to claim the
8 credit provided by this section. A taxpayer eligible to receive a credit
9 pursuant to paragraph (3) or (4) of subsection (e) of section 21 of the
10 federal Internal Revenue Code (26 U.S.C. s.21) shall be eligible for
11 the credit provided by this section, provided the taxpayer satisfies the
12 income limit set forth in subsection a. of this section.

13 d. In the case of a part-year resident claimant, the amount of the
14 credit allowed pursuant to this section shall be pro-rated, based upon
15 that proportion which the total number of months of the claimant's
16 residency in the taxable year bears to 12 in that period. For this
17 purpose, 15 days or more shall constitute a month.

18 e. Notwithstanding any provision of this section to the contrary,
19 any expenses for which a deduction is claimed pursuant to section 1
20 of P.L. , c. (C.) (pending before the Legislature as this bill)
21 shall not be allowed as a credit for the purposes of this section.

22 (cf: P.L.2021, c.308, s.5)

23
24 3. This act shall take effect immediately and apply to taxable
25 years beginning on or after January 1 of the year next following the
26 date of enactment.

27 28 29 STATEMENT

30
31 This bill allows taxpayers to claim a gross income tax deduction
32 for all employment-related expenses incurred for dependent care
33 services.

34 Under federal law, certain taxpayers are allowed a federal income
35 tax credit for a portion of the employment-related expenses incurred
36 on behalf of a qualifying individual. A qualifying individual includes
37 dependents who are children under 13 years, as well as a dependent
38 or spouse who is physically or mentally incapable of caring for
39 themselves. Federal tax law generally defines "employment-related
40 expenses" to include amounts paid to enable the taxpayer to be
41 gainfully employed, including expenses for household services and
42 for the care of a qualifying individual.

43 Under current law, the State also allows a gross income tax credit
44 based on a percentage of the federal dependent care credit received
45 by an eligible taxpayer. To be eligible for the gross income tax credit,
46 a taxpayer may not have a taxable income of more than \$150,000.
47 Based on the taxpayer's income, the allowable State credit ranges
48 from 10 percent to 50 percent of the federal credit.

1 Aside from the existing gross income tax credit, this bill allows all
2 taxpayers to claim a gross income tax deduction for employment-
3 related expenses incurred for dependent care services. Under the bill,
4 allowable employment-related expenses would be determined in the
5 same manner as under federal tax law, except that the deduction may
6 not be claimed for expenses for household services (e.g. services for
7 a cook, maid, or housekeeper). Additionally, the deduction may only
8 be claimed for employment-related expenses incurred for the care of
9 a dependent child under the age of 13 years.

10 However, the bill provides that a taxpayer may not claim the
11 deduction for any expense for which the taxpayer also claims the
12 existing dependent care tax credit.