

Louisiana School Readiness Tax Credits:

An opportunity for Louisiana businesses to support early childhood

How to Claim and What to Expect

Early childhood is critically important for preparing children to be successful later in life. In fact, research shows that ninety percent of brain development happens before the age of five. Additionally, two out of three Louisiana families have both parents working. Louisiana must provide quality early childhood experiences to build on that potential and ensure families have the support they need. The School Readiness Tax Credit for Businesses provides business leaders an opportunity to support the economy of today and shape the workforce of tomorrow.

Businesses can support early childhood in their communities while benefiting from tax credits in two important ways:

- providing discounts and donations to child care centers
- donating up to \$5000 to regional child care support organizations, known as Child Care Resource & Referral Agencies

What is the School Readiness Tax Credit for Businesses?

Louisiana School Readiness Tax Credits (SRTC) are a package of refundable state tax credits designed to support quality child care. Businesses with a Louisiana Tax ID can receive refundable tax credits for their donations to support early childhood.

A donation to a [child care resource and referral agencies \(CCR&R\)](#) is matched annually by a dollar-for-dollar refundable tax credit up to \$5,000 for donations made. These donations support the purchase of materials for children to play with and learn from, important training and professional development for early learning staff, and other investments in young children.

For donations directly to child care centers, the amount of the tax credit is tied to the quality rating of the child care center, so donations to higher quality centers result in a larger tax credit to the donating business. Businesses can make donations directly, or offer centers a discount equivalent to the value of the SRTC, and claim both on their taxes. These SRTC are available to for-profit and non-profit businesses.

For more general information about SRTC for businesses, please see the [SRTC Guidance](#) or [SRTC FAQ for Businesses](#), or contact your local Child Care [Resource and Referral agency](#).

How do I claim the School Readiness Tax Credit for Businesses?

To file the SRTC for businesses:

- Filing individually: complete tax form [IT-540](#)
- Filing as a corporation or franchise: complete tax form [CIFT-620](#)
- Filing for non-profit organization: complete tax form [CIFT-620](#)

For additional instructions visit Louisiana Department of Revenue, [School Readiness Tax Credits- R.S. 47:6101-6109](#).

On your tax form, you will need to use the correct codes to claim the School Readiness Tax Credits.

- For donations and discounts to child care centers, use code 67F
- For donations to Child Care Resource and Referral agencies, use code 68F

To claim the SRTC for businesses, your business must have incurred eligible expenses that support a Type III child care center or CCR&R. For a description of eligible expenses, please refer to [SRTC FAQ for Businesses](#).

For detailed information on how to claim SRTC on your taxes, it is recommended that you contact your tax preparer or the Louisiana Department of Revenue.

What should I expect when I claim the School Readiness Tax Credit for Businesses?

You should expect to see either a reduction in your tax burden or a refund equivalent to a percentage of eligible cost for child care centers, or the amount donated up to \$5,000 for Resource and Referral agencies.

When you claim SRTC for businesses, you should expect to receive a notice from the Louisiana Department of Revenue (LDR) stating that your tax return has been selected for review. This is an internal review to verify that supporting documentation was submitted with your return.

When your SRTC claim is reviewed, LDR will request the following documents if they are not attached to your return:

- 1) A schedule K-1, Partner's or Shareholder's Share of Income, Deductions, Credits, etc. which shows the percentage of donations that can be claimed for the named partner or shareholder, **AND**
- 2) A formal letter from the Child Care Resource and Referral agency showing proof of donation, along with a copy of the cancelled check submitted to the center.

The typical processing time for tax returns/refunds will vary, but to check the status please contact the numbers below for questions and return status. Ensuring that all of the required documentation is provided when you file your return will lead to a faster review time.

If your SRTC credit is disallowed, it most likely because you did not provide the correct documentation. Please contact the Louisiana Department of Revenue with follow-up questions.

Helpful contacts for additional information:

Louisiana Department of Revenue: 1-855-307-3893 or visit [LDR.gov](#)

Louisiana Department of Education: 1-877-453-2721 or EarlyChildhood@LA.gov