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Child Care Expense Deduction

The Child Care Expense Deduction (CCED) allows child care expenses to be deducted from income when those expenses are incurred to earn employment or business income, pursue education or perform research. Generally, only the lower-income spouse can claim the CCED.

Currently, the maximum amount that can be claimed under the CCED each year is limited to the least of:

- the total amount spent on child care expenses;
- two-thirds of the lower-income taxpayer's earned income; and
- the total of the maximum dollar limits for all children, that is \$7,000 per child under age 7, \$4,000 for each child aged 7 through 16 (and for infirm dependent children over age 16), and \$10,000 for children who are eligible for the Disability Tax Credit, regardless of their age.

The Government proposes to increase the dollar limits of the CCED by \$1,000—i.e., to \$8,000 from \$7,000 per child under age 7, to \$5,000 from \$4,000 for each child aged 7 through 16 (and for infirm dependent children over age 16), and to \$11,000 from \$10,000 for children who are eligible for the Disability Tax Credit.

These changes would apply for the 2015 and subsequent taxation years, and would benefit more than 200,000 families.

Subject to parliamentary approval