

Child care cost after federal and Ontario tax relief

The Canada-Wide Early Learning and Child Care program's focus on affordability substantially reduced to costs of child care for families with children below the age of six. In Ontario, at the time of writing this document, the maximum price paid for every child under the age of six attending a licensed child care program (centre or home-based) is \$22 per day.

Eligible families can claim the federal Child Care Expense Deduction (CCED) and Ontario's Child Care Tax Credit (aka Ontario Childcare Access and Relief from Expenses (CARE) Tax Credit).

The CCED is calculated as a deduction from gross income and applied against the lower employment income in two parent families. The CCED maximum deduction for a child between the ages of 0 and seven is \$8,000. The specific eligibility documentation can be found on the [CRA website](#). The CARE is the Ontario refundable tax credit that is applied against a maximum of 75 percent of eligible child care costs with an upper limit of defined by the federal CCED deduction limits.

The table below, based on a calculator developed by [Prof. Elizabeth Dhuey](#), shows the impact of CCED and CARE tax relief on the actual cost of child care space for one and two parent families with one, two and three children. Because these benefits are calculated on earned income, the incomes in the table are the most recent median earned income data from Statistics Canada.

Child Care Fees after Child Care Expense Deduction and CARE							
		1		2		3	
Two parents	# of children 0 - 5	1		2		3	
(2 earners)	Median Earned Income	126,910		149,850		130,770	
	60:40 split	50,764		59,940		52,308	
	CWELCC fee	\$22/day	\$12/day	\$22/day	\$12/day	\$22/day	\$12/day
	CWELCC annual family cost	5,742	3,132	11,484	6,264	17,226	9,396
	Family cost after deductions	3,293	1,796	7,964	4,344	10,224	5,577
	Percent of Earned Income	2.6	1.4	5.3	2.9	7.8	4.3
	Effective fee per child	12.62	6.88	15.26	8.32	13.06	7.12
Single parent	# of children 0 - 5	1		2		3	
(1 earner)	Median Earned Income	46,150		48,770		38,240	
	CWELCC fee	\$22/day	\$12/day	\$22/day	\$12/day	\$22/day	\$12/day
	CWELCC annual family cost	5,742	3,132	11,484	6,264	17,226	9,396
	Family cost after deductions	881	481	1,763	962	1,955	1,066
	Percent of Earned Income	1.9	1.0	3.6	2.0	5.1	2.8
	Effective fee per child	3.38	1.84	3.38	1.84	2.50	1.36
Notes: 1. Earned Income data from Statistics Canada Table 11-10-0028-18							
<i>Single-earner and dual-earner census families by number of children</i>							
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2. Scenarios highlighted with green background represent the most common family types							

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