

The Vermont Child Care Contribution *For Employers*



The Vermont Child Care Contribution for Employers

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June 11, 2024

Agenda

- What is the Vermont Child Care Contribution
- How to Calculate your Child Care Contribution Obligation
- How to Report and Pay the Child Care Contribution
- Questions



What is the Vermont Child Care Contribution

- [Act 76 of 2023](#)
- Wages subject to Vermont withholding are also subject to CCC
- Collection begins July 1, 2024
- Vermont uses the federal wages definition in 26 U.S.C. §3401



26 U.S.C. § 3401

- › § 3401. Definitions

- › (a) Wages: For purposes of this chapter, the term “wages” means all remuneration (other than fees paid to a public official) for services performed by an employee for their employer, including the cash value of all remuneration (including benefits) paid in any medium other than cash;...

What is the Child Care Contribution

- › Employers pay a 0.44% (0.0044) payroll tax on employee wages paid in Vermont
- › Employers may withhold up to a quarter or 0.11% (0.0011) of the CCC from an employee's wages.

Which Wages Count Towards CCC?



INCLUDES:

Only wages paid for work physically performed in Vermont (job site or employee's home)

EXCLUDES:

Wages paid for work physically performed outside Vermont

EXCLUDES:

Non-Vermont employers who withhold and pay Vermont income tax for employees as a courtesy are not required to pay CCC on these wages

How to Calculate Employer Child Care Contributions

Example: Employers pay 0.44% from wages paid

Employee ID	Quarterly Gross Wages	Quarterly CCC Due (20,000.00 x 0.0044)
[Employee 1]	\$20,000.00	\$88.00

To calculate the total CCC liability, multiply the total wages by 0.44% (or 0.0044).

Optional Employee Contribution



- › Employers may deduct and withhold up to 0.11% of CCC from employees' wages.
- › The amount of employees' wages does not have to be the same for every employee

How to Calculate Optional Employee Contributions

Example: Employers pay 0.44% from wages paid, employees pay 0.11%

Employee ID	Quarterly Gross Wages	Quarterly CCC Due (0.0044)	CCC Withheld from Employees (0.0011)	CCC Employer Portion
[Employee 1]	\$20,000.00	\$88.00	\$22.00	\$66.00

- To calculate the total CCC liability, multiply total employee wages by 0.44% (or 0.0044).
- To calculate the employee portion of the CCC, multiply employee wages by up to 0.11% (or 0.0011).
- To calculate the remaining employer portion of the CCC, take the Quarterly CCC Due minus the CCC Withheld from Employees

How to Calculate Optional Employee Contributions

Example: Employers pay 0.44% from wages paid. One employee pays 0.11% and another employee pays 0.05%. Showing the total employer responsibility to be \$144 out of the \$176 due.

Employee ID	Quarterly Gross Wages	Quarterly CCC Due (0.0044)	CCC Withheld from Employees (0.0011)	CCC Withheld from Employees (0.0005)	CCC Employer Portion
[Employee 1]	\$20,000.00	\$88.00	\$22.00	\$0.00	\$66.00
[Employee 2]	\$20,000.00	\$88.00	\$0.00	\$10.00	\$78.00

How to Pay the Child Care Contribution

- › You may pay for CCC in the same manner and frequency you pay the withholding tax. Separate payments are not required.
- › Semi-weekly
- › Monthly
- › Quarterly

- › Upcoming filing dates:
 - October 25, 2024 (for tax period July – September)
 - January 27, 2025 (for tax period October – December)

How to Report the Child Care Contribution

- CCC is reported quarterly on Form WHT-436 (Quarterly Withholding Reconciliation and Required Contributions) part III.
- After July 1, 2024, the CCC must be paid according to the employer's established withholding schedule
- If CCC is withheld, report in Box 14 of the employee's W-2



How to Report the Child Care Contribution

VT Form WHT-436, Quarterly Withholding Reconciliation And Required Contributions

PART III Part III is used to report your Child Care Contributions and your employees contributions for the quarter. Beginning July 1, 2024, employers are required to pay a 0.44% payroll tax on all employee wages earned in Vermont. Employers may choose to withhold a maximum of 25% of the required contribution from their employees' wages. Employers should calculate and remit their Child Care Contribution payments in the same manner and frequency as they remit their Vermont Withholding Tax. **Please note:** Employers who are required to remit their withholding tax semi-weekly are also required to remit their Child Care Contribution payments semi-weekly.

PART III CHILD CARE CONTRIBUTIONS

- 6. Check here to certify that no Child Care Contribution is due based on the rules governing this reporting.
- 7. Total wages subject to Child Care Contribution
(see instructions) 7. _____ . _____
- 8. Child Care Contributions due. (Multiply Line 7 by 0.44% (0.0044)) 8. _____ . _____
- 9. Amount of Child Care Contributions contributed
by employees. 9. _____ . _____

Questions

Thank you for joining us.



Tax.business@vermont.gov

The presentation has ended.



(802) 828-2551

If you have questions, please call or email us. The webinar recording will be available on our website soon.



- tax.vermont.gov/child-care-contribution
- dcf.vermont.gov/cdd/laws-rules/h.217