

Thank you for joining us. We will begin at 11:00 AM EST

The Vermont Child Care Contribution
For Self-Employed Individuals



The Vermont Child Care Contribution for Self-Employed Individuals

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Agenda

- What is the CCC
- How to Calculate your CCC
- How to report and pay the CCC
- Questions



What is the Vermont Child Care Contribution

- [Act 76 of 2023](#)
- Self-employed income earned by a Vermont resident -or-
- Self-employed income earned while physically working in Vermont
- Vermont uses the IRS Section 1402 self-employment income definition
- Collection begins July 1, 2024



What is the Child Care Contribution

- › CCC is paid on net income earned and taxed based on federal Schedule SE line 6
- › Self-employed individuals pay 0.11% (0.0011) on income earned in Vermont
- › There is no cap on self-employment income subject to CCC

Who is Self-Employed?

Generally, you are self-employed if any of the following apply to you.

- You carry on a trade or business as a sole proprietor or an independent contractor.
- You are a member of a partnership that carries on a trade or business.
- You are otherwise in business for yourself (including in a part-time business or as a gig worker).

Read the IRS definition here: [IRS Self-employed link](#)

Which Income Counts Towards CCC?



INCLUDES:
Self-employed income for Vermont residents regardless of where work was performed.

INCLUDES:
For non-Vermont residents, CCC only applies to income earned while in Vermont.



26 U.S.C. § 1402

› § 1402. Definitions

Net Earnings from Self-Employment The CCC applies to “self-employment income” as defined in federal law. Federal law defines self-employment income to generally mean “net earnings from self-employment.”

The term “net earnings from self-employment” is defined in federal law in 26 U.S.C. § 1402(a) to mean the gross income derived from an individual’s trade or business, minus deductions related to the trade or business, and plus an individual’s distributive share from a trade or business carried on by a partnership.

This definition requires multiple adjustments to gross income, some of which are limited in scope to a specific type of income, including income from passive activities, unless the individual is in the trade or business of that activity.

26 U.S.C. § 1402

- › § 1402. Definitions
- › The CCC applies to “self-employment income” as defined under federal law in 26 U.S.C. § 1402(b). Federal law defines self-employment income as “net earnings from self-employment” as further defined in the same section of statute. See the definition above of “net earnings from self-employment” for more information.

How to Report the Child Care Contribution



- › CCC is reported annually as part of Vermont personal income tax filing.
- › Estimated payments for CCC will be paid in the same manner and frequency as estimated personal income tax payments.

How to Calculate Self-Employed Child Care Contribution

Example: Self-employed individuals pay 0.11% from income earned

Self-Employment Income	CCC Rate on Self-Employment Income	Total CCC Due (25,000.00 x 0.0011)
\$25,000.00	0.0011	\$27.50

To calculate the total CCC liability, multiply the total income by 0.11% (or 0.0011).

$$\text{Income} \times .0011 = \$\text{Total CCC Due}$$

$$\text{(example)} \quad 25000 \times .0011 = \$27.50$$

2024 Child Care Contribution



- › Because the CCC begins July 1, 2024, the Department will accept reporting for 50% of income for the 2024 tax year
- › Optionally, you may submit documentation showing actual income earned July-December was less than 50% of all 2024 income

Questions

Thank you for joining us. The presentation has ended.

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



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