The Daily Dish

Family Caregiver Tax Credit

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One of the pieces of the 2025 tax policy puzzle is President-elect Trump's campaign promises and where they will fit into next year's tax debate. Should one think of the ultimate tax policy goal as including in next year's tax legislation package *all* of Trump's promises? If so, the deficit consequences – in isolation – would be enormous. Or, will there be a selective few that get serious consideration? And finally, are some of them even possible?

With that in mind, consider Trump's promise to family caregivers during his rally at Madison Square Garden: "I'm announcing a new policy today that I will support a tax credit for family caregivers who take care of a parent or a loved one. It's about time that they were recognized, right? They add so much to our country and are never spoken of, ever, ever, ever, but they're going to be spoken of now."

Sounds great, but that was the point. How, exactly, would it work? (Harris had a similar proposal, housed in Medicare.)

To begin, who would be eligible? What constitutes being a family caregiver for these purposes? Is it merely providing financial support? Or, would one have to actually donate time to hands-on support of the family member or loved one? How much time? (Most important, does me watching the Steelers while sitting next to my wife count?) How would it be documented?

According to the Family Caregiver Alliance: "About 34.2 million Americans have provided unpaid care to an adult age 50 or older in the last 12 months." That's a lot of potential eligible taxpayers, which translates to a lot of potential administrative and compliance costs. Would it even be workable?

Next, how much would it cost? A credit of $1,000 for 34.2 million people adds up to $342 billion over 10 years. And while $1,000 doesn't seem like much of an acknowledgement of either the time or cost of caregiving, in the aggregate, it looks like something that could get very expensive, very fast.

Of course, one could limit it by targeting lower-income Americans, but there are limits to that as well. Since genuinely low-income individuals do not pay income tax, it would not be of any help to them. Of course, one could make it a refundable tax credit (aka a check from the Treasury), but that raises the administrative stakes considerably.