We explore the impact of the child care tax credit in the U.S. income tax system on the labor supply decisions of married women with young children by incorporating the cost of child care into a structural labor supply model. Using data from the 1986 NLSY, we find that government subsidies to child care increase labor supply substantially. Our policy simulations show that an increase in the value of the child care tax credit (i.e., percent of expenditures subsidized) would have a much larger effect on labor supply than an increase in the annual expenditure limits of the subsidy or making the subsidy refundable. 