

Do your dependent care expenses qualify for reimbursement?

The Dependent Care Flexible Spending Account (FSA) allows you to use pretax dollars to pay for eligible expenses related to care for your child, disabled spouse, elderly parent or other dependent so you (or your spouse) can work, look for work or attend school full-time.

Eligible expenses must meet certain criteria:

- **Expenses must be work-related**. The care must be necessary for the participant (or their spouse) to work, look for work or attend school full-time, or because they are physically unable to care for their children.
- **Reimbursement during the calendar year cannot exceed $7,500**. In the case of a separate tax return by a married individual, the limit is $3,750. This amount may be less if the participant's earned income or spouse's earned income is less than $7,500.

Eligible expenses must be for the care of one or more qualifying persons, defined as one of the following:

- A dependent child who was younger than age 13 when care was provided and for whom a tax exemption can be claimed.
- A spouse who was physically or mentally unable to care for themselves and who lived with you for more than half the year.
- A dependent who was physically or mentally unable to care for themselves and for whom an exemption can be claimed, and who lived with you for more than half the year.

Special rules for children of divorced or separated parents

Even if you cannot claim your child as a dependent, they are treated as your qualifying person if all of the following are true:

- The child was younger than age 13, or was not physically or mentally able to care for themselves.
- One or both parents provided more than half of the child's support for the year and are divorced, legally separated or lived apart at all times during the last six months of the calendar year.
- One or both parents had custody of the child for more than half of the year.
- You were the child's custodial parent. The custodial parent is the parent having custody for the greater portion of the calendar year. If the child was with both parents for an equal number of nights, the parent with the higher adjusted gross income is the custodial parent.

A non-custodial parent who is entitled to claim the child as a tax dependent may not treat the child as a qualifying individual for the Dependent Care FSA, even when that parent is financially responsible for providing the care. Only one parent (the custodial parent) may qualify for the Dependent Care FSA benefit for a taxable year. The regulations do not provide any relief for a non-custodial parent who incurs dependent care expenses for the portion of the year in which they have custody of the child to enable the non-custodial parent to work.

Dependent Care FSA Qualifications

Below is a partial list of eligible dependent care expenses. For more information, please review IRS Publication 503 at www.irs.gov or ask your employer for a copy of your Summary Plan Description (SPD).

You can also find current contribution limits on our website at www.tasconline.com/resources/benefit-limits

	Eligible?
Activity fees (dance classes, language classes, music lessons, etc.)	✗
Babysitting in your home or someone else's	✓
Babysitting by your relative who is not a tax dependent	✓
Babysitting while you or your spouse are NOT working, looking for work or attending school	✗
Babysitting by your tax dependent	✗
Before or after school program	✓
Childcare	✓
Childcare supplies (e.g., clothing, diapers, formula)	✗
Childcare provider discount or coupon	✗
Day camp	✓
Educational, learning or tutoring services	✗
Extended care that is a supervised program before or after regular school hours	✓
Field trips	✗
Household services (cook, housekeeper, maid, etc.)	✗
Housekeeper who cares for child (only portion of payment attributable to work-related childcare)	✓

	Eligible?
Late payment fees	✗
Meals, food or snacks	✗
Medical expenses for a dependent	✗
Nanny or au pair	✓
Nursery school or preschool fees	✓
Incidental fees (eligible only when incidental to and inseparable from the fee for care)	✓
Indirect fees (e.g., agency fees, application fees, placement fees; may be eligible when expense is required to obtain care and care has been received)	✓
Late pickup fees (when attributed to care of a child)	✓
Overnight camp	✗
Preschool	✓
Registration fees (required for eligible care)	✓
Registration fees (required for eligible care, prior to actual services being received)	✗
Sick child care	✓
Transportation (to and from eligible care provided by your care provider)	✓
Tuition (Kindergarten and above)	✗

To receive reimbursement

A. All persons and organizations that provide dependent care for a qualified person must be identified. This information is requested on IRS Form 2441. The name, address and Taxpayer Identification Number (TIN) of the provider must be included. In some situations, the TIN will be a Social Security number (SSN).

B. If the care is being provided by a center that cares for more than six persons, the center must comply with all state and local regulations.

C. Payments made to relatives who are not dependents can be included; however, do not include amounts paid to a dependent for whom you can claim an exemption or for your child who is younger than age 19 at the end of the year, regardless of whether they are your dependent.

D. Use IRS Form W-10 to request the required information from the care provider.

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