

## **DEPENDENT CARE FLEXIBLE SPENDING ACCOUNT**

Examples of Eligible and Ineligible Expenses under a Dependent Care Flexible Spending Account\*

### **Dependent Care Expenses**

- |                      |  |   |
|----------------------|--|---|
| ✓ Adult Day Care     | ✓ Day Camps                                    | ✓ Nursery School  |
| ✓ After School Care  | ✓ Elder Care, non-medical in the home          | ✓ Payments to a relative for child care where the relative is not a dependent and over age 19 |
| ✓ Au Pair            | ✓ Extended Day Fees                            | ✓ Preschool   |
| ✓ Babysitting        | ✓ FICA and FUTA Taxes paid for a Care provider |   |
| ✓ Before School Care | ✓ Nanny expenses directly related to childcare |   |
| ✓ Day Care Center    |  |   |

### **Indirect Dependent Care Expenses**

When these expenses are **required** in order to obtain care, they are reimbursable only **after** the care has been received. *Optional Fees are not reimbursable (i.e. lost deposit for changing providers without notice)*

- |                    |                      |                     |
|--------------------|----------------------|---------------------|
| ✓ Agency Fees      | ✓ Deposits           | ✓ Placement Fees    |
| ✓ Application Fees | ✓ Hold-the-Spot Fees | ✓ Registration Fees |

### **Items that are NOT eligible for reimbursement under a Dependent Care Flexible Spending Account:**

- |                                       |   |   |
|---------------------------------------|---|---|
| ✓ Activity Fees                       | ✓ Gardeners   | ✓ Pre-paid fees or tuition  |
| ✓ Advance payment of daycare expenses | ✓ Household Services  | ✓ Special classes or activities with fees in addition to the basic care fee |
| ✓ Amounts paid to a dependent         | ✓ Incidental expenses                                       | ✓ Sports Team Fees  |
| ✓ Camp Activities Fees                | ✓ Kindergarten Tuition                                      | ✓ Summer School   |
| ✓ Classes                             | ✓ Late Fees   | ✓ Sunscreen Fees  |
| ✓ Clothing Costs                      | ✓ Lessons (i.e. swim, dance, music, etc.)                   | ✓ Transportation that is not part of care                                   |
| ✓ Cook Expenses                       | ✓ Maid Services   | ✓ Tuition Expenses  |
| ✓ Diaper Fees                         | ✓ Meals/Snacks  | ✓ Tutoring Programs   |
| ✓ Educational Expenses                | ✓ Online Programs   | ✓ Virtual Camp or Daycare   |
| ✓ Field Trip Fees                     | ✓ Overnight camps   | ✓ Voluntary provider background checks                                      |
| ✓ Food Expenses                       | ✓ Personal transportation of dependent to provider location |   |

### **Whose Dependent Care Expenses Can I Reimburse?**

Each person for whom you incur the expenses must be a Qualifying Individual—that is, he or she must be:

- a person under age 13 who is your “qualifying child” under the Code; in general, the person must:
  - (1) have the same principal abode as you for more than half the year;
  - (2) be your child or stepchild (by blood or adoption), foster child, sibling or stepsibling, or a descendant of one of them; and
  - (3) not provide more than half of his or her own support for the year);
- your Spouse who is physically or mentally incapable of self-care and has the same principal abode as you for more than half the year; or
- a person who is physically or mentally incapable of caring for himself or herself, has the same principal place of abode as you for more than half of the year, and is your tax dependent under the Code (for this purpose, status as a tax dependent is determined without regard to the gross income limitation for a “qualifying relative” and certain other provisions of the Code’s definition).
- Under a special rule for children of divorced or separated parents, a child is a Qualifying Individual with respect to the custodial parent when the noncustodial parent is entitled to claim the dependency exemption for the child.

\*Updated 11/29/2023. For the most up-to-date information, please visit: <https://www.irs.gov/publications/p969> for rules regarding Flexible Spending Arrangements and <https://www.irs.gov/pub/irs-pdf/p503.pdf> for Qualifying Dependent Care Expenses

The expenses are incurred in order to enable you (and your Spouse, if you are married) to be gainfully employed.

If the expenses are incurred for services outside of your household for the care of a Qualifying Individual other than a person **under age 13** who is your qualifying child, then the Qualifying Individual must regularly spend at least eight hours per day in your household.

The person who provided care was not your Spouse, a parent of your under age 13 qualifying child, or a person for whom you (or your Spouse) are entitled to a personal exemption under Code §151(c). If your child provided the care, then he or she must be age 19 or older at the end of the year in which the expenses are incurred.

The expenses are not paid for services outside of your household at a camp where the Qualifying Individual stays overnight.

You have no reason to believe that the requested reimbursement, added to your other reimbursements to date for Dependent Care Expenses incurred during the same calendar year, will exceed your applicable statutory limit. Your statutory limit is the smallest of the following amounts:

- your earned income for the calendar year (after your salary reductions under the Salary Reduction Plan);
- the earned income of your Spouse for the calendar year (including any deemed earned income of a Spouse who is physically or mentally incapable of self-care or a full-time student); or
- either \$5,000 or \$2,500 for the calendar year, depending on your marital and tax filing status.