

Dependent Care FSA Summer Expenses



Planning for Summer Dependent Care Expenses – Some, but not all, summer expenses are eligible for reimbursement. To qualify, the primary purpose for the expense must be custodial in nature – to provide care for your child(ren) who are under age 13 so you can work. Examples follow below. For detailed information about expense eligibility, consult a tax advisor or refer to IRS Publication 503 (“Child and Dependent Care Expenses”).

Eligible Dependent Care Expenses include:

- Day Camp--including specialty camps, provided the primary purpose is custodial care
- Registration or advance fees for day camps that are applied to the first bill--such fees are not eligible for reimbursement until the first day of attendance
- Services provided by an individual – the caregiver cannot also be your dependent
- Services provided by licensed daycare centers
- Transportation services provided by the care provider to and from the care center

Ineligible Expenses:

- Summer school or tutoring programs – primary purpose is to improve academic skills
- Overnight Camps
- Additional fees charged by care providers for the cost of meals or snacks
- Additional fees charged by care providers for elective field trips, lessons or materials
- Forfeited deposits and fees
- Individual lessons not related to custodial care (sports, music, computer, etc.)
- Chauffeur services – provided by third parties to and from care center (e.g. Kiddy Cab)

Special Rule for Parents Divorced or Living Apart – Dependent care expenses for a child can only be claimed by one parent in any taxable year; generally the parent with custody for the greater portion of the calendar year regardless of which parent claims the child as a tax dependent. If the child resides with both parents for the same amount of time during the taxable year, the tiebreaker goes to the parent with the higher adjusted gross income.

Timing of Reimbursement Request – Regulations prohibit reimbursement for projected expenses. Claims will be denied if submitted prior to the first day of custodial care.

Status Changes – Changes in schedules, providers or cost of service are generally considered to be qualifying events that allow you to adjust your annual election. Change requests must be made in writing (as instructed by your Employer) within 30 days of the event. The change becomes effective following receipt by your Employer.

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**Questions?
We can help.**

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