



The Dependent Care Flexible Spending Account (DCFSA) 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.

Plan participants specify a certain dollar amount to contribute from their paychecks per pay period to their DCFSA. Unlike a Medical FSA, DCFSAs are a pay-as-you-go account, meaning funds are not advanced by the employer. DCFSA election amounts can change or stop during the year if expenses change.

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 a calendar year cannot exceed \$5,000. In the case of a separate tax return by a married individual, the limit is \$2,500. This amount may be less if the participant's earned income or spouse's earned income is less than \$5,000.

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

- A dependent child who 1) was younger than age 13 when care was provided and 2) you can claim a tax exemption for.
- A spouse who 1) was physically/mentally unable to care for themselves and 2) lived with you for more than half the year.
- A dependent who 1) was physically/mentally unable to care for themselves and 2) you can claim a tax exemption for and 3) lived with you for more than half the year.



Special rules apply 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 DCFSA, even when that parent is financially responsible for providing the care. Only one parent (the custodial parent) may qualify for the DCFSA 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.

ELIGIBLE EXPENSES

Below is a partial list of eligible and ineligible expenses. All expenses are listed in IRS Publications 503 at www.irs.gov.

Eligible Expenses

- Adult daycare
- After-school care/program²
- Au pair or nanny salary
- Babysitting in your home/ someone else's home¹
- Babysitting by your non-tax dependent relative¹
- Before-school care/program²
- Care when one parent works days and other parent works nights¹
- Care while living in a foreign country¹
- Care while looking for work
- Care while on family, personal, or medical leave
- Care while you/spouse is working at self-employment¹
- Child daycare or day camp²
- Custodial elder care¹
- Day nursing care¹
- Employer-provided on-site daycare²
- Federal employment taxes (FICA, FUTA) of care provider
- Household services related to dependent care
- In-home care¹
- Nighttime care¹
- Nursery school fees or tuition
- Payroll taxes related to eligible dependent care
- Preschool fees or tuition
- Room and board for caregiver, au pair, or nanny
- Senior daycare¹
- Sick child care¹
- Specialized daycare
- Transportation to and from by the care provider

Ineligible Expenses

- Child care while performing volunteer work
- Educational, learning, or study skills services
- Field trips or sleep-away camp
- Household services (housekeeper, cook, etc.)
- Kindergarten/school tuition
- Meals, food, or snacks
- Medical care or expenses
- Nursing home care for dependent adult(s)
- Summer school

1: Care must be work-related. Restrictions may apply. See IRS Publication 503 for more details.

2: Primary purpose must be custodial care and not educational in nature. See IRS Publication 503 for more details.

To Receive Reimbursement

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