













Dependent Care FSA Expenses

What's Covered vs. What's Not

Expense:	Covered Expense?	Special Rules:
After-school care or extended day programs (supervised activities for children after the regular school program)	✓ Potentially Covered	Will qualify if used to enable the employee and spouse to be gainfully employed. * These programs generally are not educational in nature. Their primary purpose is to care for children while parents are at work. However, educational expenses (e.g., tuition) won't qualify.
Agency fee	✓ Potentially Covered	Will qualify if it is an expense that must be paid in order to obtain the related care. However, the fee should not be reimbursed until care is provided. Fees that are forfeited (e.g., because the employee selects a different provider) will not qualify. See subsection F.4 for further discussion, including whether such fees should be prorated (e.g., over the duration of the agreement with the provider).
Application fee	✓ Potentially Covered	Will qualify if it is an expense that must be paid in order to obtain the related care. However, the fee should not be reimbursed until care is provided. Fees that are forfeited (e.g., because the employee selects a different provider) will not qualify (for example, application/waiting list fee).
Au pair	✓ Potentially Covered	Amounts paid to an au pair to care for a qualifying individual may qualify as dependent care assistance expenses. In addition, an up-front fee paid to employ the au pair may qualify as a child-care expense if it is an expense that must be paid in order to obtain the related care, but it should not be reimbursed until care is provided.
Babysitter (inside or outside participant's household)	✓ Potentially Covered	Will qualify unless the babysitter is (1) under age 19 and is the employee's child, stepchild, or eligible foster child; (2) an individual for whom the employee or spouse can claim a deduction on IRS Form 1040; (3) the employee's spouse; or (4) a parent of the employee's under-age-13 qualifying child. However, the cost of a babysitter while an employee and spouse go out to eat is not normally a work-related expense and generally won't qualify. Babysitters can be grandparents, other relatives, friends, and/or neighbors
Backup or emergency care	✓ Potentially Covered	Will qualify if used to enable the employee and spouse to be gainfully employed. The back-up/emergency care can only be short-term and obtained when the normal dependent care arrangements fall through.

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Before-school care or extended day programs (supervised activities for children before the regular school program)	 Potentially Covered	Will qualify if used to enable the employee and spouse to be gainfully employed. These programs generally are not educational in nature. Their primary purpose is to care for children while parents are at work. However, educational expenses (e.g., tuition) won't qualify.
Boarding school	 Potentially Covered	Generally won't qualify. Amounts to be paid to boarding school for a child's education will not qualify. However, IRS regulations provide that part of the cost for boarding school is considered "care", which is an employment-related expense. For the care portion of tuition to be covered, the care-related costs must be itemized.
Child of employee under age 19	 Not Covered	Under age 19 at the end of the calendar year or someone that the employee can claim as a dependent.
Child of employee age 19 or over	 Potentially Covered	Will qualify only if neither the employee nor the spouse can claim an exemption for the child.
Clothing	 Potentially Covered	Won't qualify if charged separately from dependent care expense. Small amounts may qualify if incidental to and inseparably a part of the dependent care (e.g., a T-shirt included with preschool care).
Custodial care	 Potentially Covered	Will qualify only if (1) such expenses are not attributable to medical services; (2) the person in custody is a qualifying individual; and (3) the qualifying individual (other than a qualifying child under age 13) still spends at least eight hours each day in the employee's household.
Day camp	 Potentially Covered	The cost of a day camp or a similar program to care for a qualifying individual may qualify, even if the day camp specializes in a particular activity (e.g., soccer or computers). Separate equipment or similar charges (e.g., a laptop rental fee for a computer camp) won't qualify. Also, summer school expenses are considered primarily for education rather than for care and won't qualify. Note that, depending on the circumstances, a day camp may be considered a dependent care center.
Dependent care center	 Potentially Covered	Will qualify if the center meets the requirements of Code §21(b)(2)(C) Code §21(b)(2)(C), including compliance with all applicable laws and regulations: <ul style="list-style-type: none">• Provides care to more than 6 individuals;• Receives a payment, fee, or grant for providing services for any of the individuals;• Such centers must comply with all applicable laws and regulations. Note that, depending on the circumstances, a day camp may be considered a dependent care center. See Day camp.
Deposit	 Potentially Covered	Will qualify if it is an expense that must be paid in order to obtain the related care. However, the fee should not be reimbursed until care is provided. A deposit that is forfeited (e.g., because the employee selects a different provider) won't qualify.
Disabled qualifying child under age 13	 Potentially Covered	The requirement that at least eight hours per day be spent in the employee's household in order for care provided outside the employee's household to qualify for reimbursement does not apply to a qualifying child under age 13, whether or not the qualifying child is incapable of self-care. See subsections F.10 and G.2. Any care provided outside the household, however, must enable the employee and spouse to be gainfully employed, and other restrictions must still be met. See, for example, Boarding school and Overnight camp.







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Elder care	✓ Potentially Covered	Will qualify only if (1) such expenses are not attributable to medical services; (2) the elderly person is a qualifying individual; and (3) in the case of services provided outside the employee's household, the person still regularly spends at least eight hours each day in the employee's household. Elder day care will often qualify, but around-the-clock care in a nursing home will not.
Entertainment	✓ Potentially Covered	Won't qualify if charged separately from dependent care expense. Small amounts may qualify if incidental to and inseparably a part of the dependent care. Field trip fees, supply fees that are separate do not qualify.
FICA and FUTA Taxes of daycare provider	✓ Potentially Covered	Will qualify if the overall expenses of the care provider qualify.
Food	✓ Potentially Covered	Won't qualify if charged separately from dependent care expense. Small amounts may qualify if incidental to and inseparably a part of the dependent care (e.g., lunch included with preschool care).
Hold-the-spot fee	✓ Potentially Covered	A gray area. These are fees charged by a provider to "hold a spot" for a qualifying individual during a period when care is not needed (e.g., while an older child is home during a parent's maternity leave). Might qualify under the rules for indirect expenses if it must be paid in order to obtain care from the provider when care is needed again (e.g., when the parent returns to work). However, the fee should not be reimbursed unless and until care with the provider is resumed; if the child does not return to the same provider, the fee won't qualify.
Housekeeper, Cook, Maid	✓ Potentially Covered	Generally, won't qualify. However, amounts paid for the services of a housekeeper whose duties include caring for a qualifying individual may be expenses for household services (and thus may qualify). Expenses for such services are likely to be closely scrutinized by the IRS.
Incidental expenses—e.g., extra charges for special activities	✓ Potentially Covered	Won't qualify if charged separately from dependent care expense. May qualify if incidental to and inseparably part of the dependent care.
Kindergarten	✗ Not Covered	Such expenses are primarily educational in nature, whether half- or full-day, private or public school, state-mandated or voluntary.
Late fees	✓ Potentially Covered	Probably will qualify if for late pickup (i.e., the fee is charged to care for the child because the child was picked up late)—the payment still relates directly to care of the child. Probably won't qualify if for late payment (i.e., the fee is charged because the parent paid the child-care bill late)—the payment doesn't relate directly to care of the child.
Looking for work (care that enables the employee or spouse to look for work)	✓ Potentially Covered	Will qualify if the person is actively looking for work. However, a person who does not find a job and has no earned income for the year will not be able to exclude the expenses from income.
Nanny	✓ Potentially Covered	Will qualify to the extent that the amounts paid are attributable to the care of a qualifying individual and to household services attributable in part to care of a qualifying individual.
Nursing Home	✓ Potentially Covered	See Elder Care
Overnight camp	✗ Not Covered	Expenses for overnight camps are not employment-related expenses. But see Day camp.

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Part-time employment (payments to provider for periods when employee works part-time)	✓ Potentially Covered	If the employee is required to pay for care on a periodic (e.g., weekly or monthly) basis that includes both work and nonwork days, payments for periods that include both work and nonwork days will qualify in full. Otherwise, expenses must be allocated between work and nonwork days.
Placement fees for finding a dependent care provider	✗ Not Covered	Probably won't qualify—such fees would not seem to be required in order to obtain care.
Prepaid fees for care	✓ Potentially Covered	Won't qualify to the extent that the dependent care services that have not been provided. Will qualify after the services to which the fees relate have been provided, if the services otherwise qualify as employment-related expenses. Full or partial payment for dependent care services at the time of registration (e.g., because a summer camp is popular) won't qualify until care is provided. Fees that are forfeited (e.g., because the employee selects a different provider) won't qualify.
Preschool/nursery school	✓ Potentially Covered	Expenses for a nursery school, pre-school, or similar programs below the level of kindergarten are considered to be for care. It may be necessary for the administrator to review all facts, such as age and curriculum to determine the nature of the program.
Recreation	✓ Potentially Covered	Won't qualify if charged separately from dependent care expense. Small amounts may qualify if incidental to and inseparably a part of the dependent care.
Registration fee	✓ Potentially Covered	Will qualify if the fee must be paid in order to obtain care. However, the fee should not be reimbursed until care is provided. Fees that are forfeited (e.g., because the employee selects a different provider) won't qualify.
Relative, amounts paid to	✓ Potentially Covered	Will qualify unless the relative is (1) under age 19 and is the employee's child, stepchild, or eligible foster child; (2) an individual for whom the employee or spouse can claim a deduction on IRS Form 1040 IRS Form 1040; (3) the employee's spouse; or (4) a parent of the employee's under age 13 qualifying child.
Security system for the home	✗ Not Covered	The costs of a home security system to care for a child are not the type of household services that Congress had in mind as qualifying for tax-favored treatment.
Self-employment, expenses incurred in connection with	✓ Potentially Covered	Will qualify to the extent that they are incurred for dependent care.
Sick-child facility	✓ Potentially Covered	Probably will qualify when incurred to enable the employee to go to work when the child is ill—i.e., when the primary purpose is child care.
Sick employee (payments to provider for periods when sick employee stays home)	✓ Potentially Covered	If the absence is considered short and temporary and the caregiving arrangement requires the employee to pay for care during the absence, then a payment for a period that includes the absence will qualify for reimbursement in full; other absences generally won't qualify. An absence of up to two consecutive weeks is considered short and temporary; whether a longer absence qualifies will depend on facts and circumstances.
Spouse of employee, amounts paid to	✗ Not Covered	Amounts cannot be paid to employee's spouse. See also Relative.
Summer school	✗ Not Covered	Such expenses are primarily educational in nature.

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Transportation expenses	 Potentially Covered	Will qualify if for transporting a qualifying individual to or from a place where care is provided and the transportation is furnished by a dependent care provider. Otherwise, such expenses generally are not considered to be for care, but might qualify if part of the dependent care charge (i.e., if incidental to and inseparably a part of the dependent care). See subsections F.7 . and G.3 . Note that the IRS closely scrutinizes child-care expenses involving foreign travel. For example, expenses have been disallowed for a grandmother's travel to the U.S. under suspicious circumstances.
Tuition expenses	 Not Covered	Such expenses are primarily educational in nature.
Tutoring programs	 Not Covered	Such expenses are primarily educational in nature.
Unemployment (care that enables employee or spouse to look for work)	 Potentially Covered	See Looking for work.
Vacation (payments to provider for periods when employee is on vacation)	 Potentially Covered	If the absence is considered short and temporary and the care-giving arrangement requires the employee to pay for care during the absence, then a payment for a period that includes the absence will qualify for reimbursement in full. Other absences generally won't qualify.
Volunteer work (care that enables employee or spouse to volunteer)	 Not Covered	Won't qualify if the volunteer work is unpaid or for nominal pay.