

Helpful Information

For

DEPENDENT CARE ASSISTANCE ACCOUNTS

DEPENDENT CARE ASSISTANCE REIMBURSEMENT WORKSHEET

This worksheet will help you estimate your annual dependent care assistance costs. This list is not intended to be comprehensive but may be used as a guide.

QUALIFYING EXPENSE	ESTIMATED ANNUAL EXPENSE
Amounts paid to dependent care center (e.g., child day care)	\$ _____
Amounts paid for dependent care services outside your home	\$ _____
Amounts paid for dependent care services inside your home	\$ _____
TOTAL DEPENDENT CARE ASSISTANCE	\$ _____ (A)
NUMBER OF PAY PERIODS	_____ (B)
AMOUNT OF REDUCTION PER PAY PERIOD (A/B)	\$ _____ (C)

The reimbursement (when aggregated with all other dependent care reimbursements received by you under the plan for a calendar year) may not exceed the least of the following limits:

- (a) \$5,000 (if you are head of a household or married and file a joint return) or \$2,500 if you are married and file a separate return) \$ _____
- (b) Your taxable compensation (after all compensation reduction arrangements) \$ _____
- (c) If you are married, your spouse's actual or deemed earned income \$ _____

For purposes of (c) above, your spouse will be deemed to have earned income of \$200 (\$400 if you have two or more dependents described in paragraph 2 below), for each month in which your spouse is (i) physically or mentally incapable of caring for himself or herself, or (ii) a full-time student at an educational institution.

QUALIFYING DEPENDENT CARE EXPENSES

(As written in IRS Publication 503)

To be able to claim the credit for child and dependent care expenses, you must file Form 1040 or Form 1040A (or Form 1040NR), not Form 1040EZ (or Form 1040NR-EZ), and meet all the following tests.

1. The care must be for one or more qualifying persons who are identified on the form you use to claim the Internal Revenue Service credit. (See *Qualifying Person Test* in IRS PUB 503.)
2. You (and your spouse if filing jointly) must have earned income during the year. (However, see *Rule for student-spouse or spouse not able to care for self* under *Earned Income Test*, in IRS PUB 503.)
3. You must pay child and dependent care expenses so you (and your spouse if filing jointly) can work or look for work. (See *Work-Related Expense Test* in IRS PUB 503)
4. You must make payments for child and dependent care to someone you (and your spouse) cannot claim as a dependent. If you make payments to your child, he or she cannot be your dependent and must be age 19 or older by the end of the year. You cannot make payments to:
 - a. Your spouse, or
 - b. The parent of your qualifying person if your qualifying person is your child and under age 13.(See *Payments to Relatives or Dependents* under *Work-Related Expense Test*, in IRS PUB 503)
5. Your filing status must be single, head of household, qualifying widow(er) with dependent child, or married filing jointly. You must file a joint return if you are married, unless an exception applies to you. (See *Joint Return Test*, in IRS PUB 503)
6. You must identify the care provider on your tax return. (See *Provider Identification Test* in IRS PUB 503)
7. If you exclude or deduct dependent care benefits provided by a dependent care benefit plan, the total amount you exclude or deduct must be less than the dollar limit for qualifying expenses (generally, \$3,000 if one qualifying person was cared for, or \$6,000 if two or more qualifying persons were cared for). (If two or more qualifying persons were cared for, the amount you exclude or deduct will always be less than the dollar limit, since the total amount you can exclude or deduct is limited to \$5,000. (See *Reduced Dollar Limit* under *How To Figure the Credit* in IRS PUB 503)

Qualifying Person Test

Your child and dependent care expenses must be for care of one or more qualifying persons.

A qualifying person is:

1. Your qualifying child who is your dependent and who was under age 13 when the care was provided (but see *Note* in IRS PUB 503),
2. Your spouse who was not physically or mentally able to care for himself or herself and lived with you for more than half the year,
3. A person who was not physically or mentally able to care for himself or herself, lived with you for more than half the year, and either:
 - a. Was your dependent, or
 - b. Would have been your dependent except that:
 - i. He or she received gross income of \$3,650 or more,
 - ii. He or she filed a joint return, or U.S. Adoptions.
 - iii. You, or your spouse if filing jointly, could be claimed as a dependent on someone else's 2010 return.

Note. If you are divorced or separated, see *Child of divorced or separated parents or parents living apart*, later in IRS PUB 503 to determine which parent may treat the child as a qualifying person.

Dependent defined. A dependent is a person, other than you or your spouse, for whom you can claim an exemption. To be your dependent, a person must be your qualifying child (or your qualifying relative).

Qualifying child. To be your qualifying child, a child must live with you for more than half the year and meet other requirements

More information. For more information about who is a dependent or a qualifying child, see Publication 501.

Physically or mentally not able to care for oneself. Persons who cannot dress, clean, or feed themselves because of physical or mental problems are considered not able to care for themselves. Also, persons who must have constant attention to prevent them from injuring themselves or others are considered not able to care for themselves.

Person qualifying for part of year. You determine a person's qualifying status each day. For example, if the person for whom you pay child and dependent care expenses no longer qualifies on September 16, count only those expenses through September 15. Also see *Yearly limit* under *Dollar Limit*, later in IRD PUB 503.

Birth or death of otherwise qualifying person. In determining whether a person is a qualifying person, a person who was born or died in 2010 is treated as having lived with you for all of 2010 if your home was the person's home the entire time he or she was alive in 2010.

Taxpayer identification number. You must include on your return the name and taxpayer identification number (generally the social security number) of the qualifying person(s). If the correct information is not shown, the credit

Individual taxpayer identification number (ITIN) for aliens. If your qualifying person is a nonresident or resident alien who does not have and cannot get a social security number (SSN), use that person's ITIN. The ITIN is entered wherever an SSN is requested on a tax return. If the alien does not have an ITIN, he or she must apply for one. See Form W-7, Application for IRS Individual Taxpayer Identification Number, for details.

ITIN is for tax use only. It does not entitle the holder to social security benefits or change the holder's employment or immigration status under U.S. law.

Adoption taxpayer identification number (ATIN). If your qualifying person is a child who was placed in your home for adoption and for whom you do not have an SSN, you must get an ATIN for the child. File Form W-7A, Application for Taxpayer Identification Number for Pending U.S. Adoptions.

Child of divorced or separated parents or parents living apart. Even if you cannot claim your child as a dependent, he or she is treated as your qualifying person if:

- The child was under age 13 or was not physically or mentally able to care for himself or herself,
- The child received over half of his or her support during the calendar year from one or both parents who are divorced or legally separated under a decree of divorce or separate maintenance, are separated under a written separation agreement, or lived apart at all times during the last 6 months of the calendar year,
 - The child was in the custody of one or both parents for more than half the year, and
 - You were the child's custodial parent. The custodial parent is the parent with whom the child lived for the greater number of nights in 2010. If the child was with each parent for an equal number of nights, the custodial parent is the parent with the higher adjusted gross income. For details and an exception for a parent who works at night, see Pub. 501.

The noncustodial parent cannot treat the child as a qualifying person even if that parent is entitled to claim the child as a dependent under the special rules for a child of divorced or separated parents.

DEPENDENT CARE RECEIPT

Dates of Service: _____ Amount Charged: _____

Names of Dependents: _____

Service Provider Info:

Name of Provider: _____

Address: _____

City/State/Zip: _____

SS# or TAX ID #: _____

Child Care Provider's Signature

Date

The receipt must be attached to a REQUEST FOR REIMBURSEMENT FORM.

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