

DEPENDENT CARE SPENDING ACCOUNT

Reimbursement and documentation requirements

REIMBURSEMENT REQUIREMENTS

- The dependent care must be required to allow you to work.
- If you are married, your spouse must also be working or looking for work, be attending school full time or be physically or mentally unable to care for himself or herself.
- If you are divorced or legally separated, you may request reimbursements for dependent care costs incurred while the child is living with you, even if your former spouse claims the child for income tax purposes.
- You must have paid for the expense prior to submitting a claim for reimbursement.
- You must substantiate the expense as required by federal regulations in accordance with the dependent care “Documentation Requirements” described below.

DOCUMENTATION REQUIREMENTS

The dependent care claim form has a Provider statement at the bottom of the form which can be used to substantiate the information contained on the claim form. This is the preferred method of substantiating the claim information. Otherwise, a statement from the **Provider** showing the provider address, Tax Identification Number, date the service(s) was **incurred**, whom the expense was incurred by and the amount charged is necessary. This should mirror what appears on the claim form.

- Claims and substantiation should not be submitted prior to the date the service(s) was **incurred**.
- A **paid receipt must contain the provider name, provider address, dates of service, whom the expense was incurred by and amount paid**.
- A cancelled check alone is **not** acceptable. A cancelled check with a statement is acceptable.
- A copy of a contract is **not** acceptable.
- Staple the substantiation to the back of the claim form.
- Keep copies of the claim form and substantiation for your records.

Qualifying dependents and dependent care expenses

QUALIFYING DEPENDENTS

Your dependent care expenses must be for a “qualifying individual.” A “qualifying individual” is:

- A qualifying child under the age of 13.
 - A spouse who is physically or mentally incapable of self-care and who lives with you for more than half of the taxable year.
 - A qualifying child or qualifying relative who is physically or mentally incapable of self-care and who lives with you for more than half of the taxable year.
- Note: With respect to a qualifying relative, the individual’s gross income must be less than the dependency exemption amount (\$3,400 for 2007).*

QUALIFYING EXPENSES

Expenses may be reimbursed for services provided by:

- A babysitter or housekeeper who provides dependent care (includes taxes paid on their wages). The person providing the care cannot be someone you claim as a dependent, a child of yours under age 19, a spouse or an ex-spouse. The services can be provided either inside or outside your home. If they are provided outside of your home, a “qualifying individual” must spend at least eight hours a day in your home.
 - A day-care center, nursery school or pre-school.
 - An after-school program or summer **day** camp, including specialty camps (soccer, computer, music, etc.)
 - A dependent care center (if the center cares for more than six people, it must comply with all state and local laws).
- Other qualifying expenses include:
- Amounts paid to an au pair to care for a child.
 - Agency fees, application fees and deposits that are not directly for the care of the individual, but are required expenses in order to obtain care. However, if the care is ultimately not provided, then these expenses will not be considered work-related.
 - Fees for transportation provided by the dependent care provider.

Non-qualifying dependent care expenses

- Care for a child age 13 or over
- Overnight camp
- Meals
- Babysitting that is not work-related
- School costs for kindergarten and higher grades
- Long-term care services
- Fees for transportation **not provided by the dependent care provider**

All submitted expenses will be reviewed according to Internal Revenue Service regulations.