

**From the desk of
Peter S. Muffoletto, C.P.A.**

Child and Dependent Care Tax Credits

Working parents find that day camps are a solution to childcare during the summer months. Your costs may qualify for a federal tax credit that can lower your taxes.

Care for Qualifying Persons

The childcare expenses must be for the care of one or more qualifying persons.

Your dependent child or children under age 13 usually qualify.

Work-related Expenses

Your expenses for care must be work-related.

This means that you must pay for the care so you can work or look for work.

This rule also applies to your spouse if you file a joint return.

Your spouse meets this rule during any month they are a full-time student.

This rule also applies if that spouse is physically or mentally incapable of self-care.

Earned Income Required

You must have earned income, such as from wages, salaries and tips.

This also includes net earnings from self-employment.

Your spouse must also have earned income if you file jointly.

Your spouse is treated as having earned income for any month that they are a full-time student or incapable of self-care.

This rule also applies to you if you file a joint return.

Joint Return if Married

Generally, married couples must file a joint return to qualify for the credit.

You can still take the credit, however, if you are legally separated or living apart from your spouse.

Type of Care

You may qualify for the credit whether you pay for care at home, at a daycare facility or at a day camp.

Credit Amount

The credit is worth between 20 and 35 percent of your allowable expenses.

The percentage depends on the amount of your income.

Expense Limits

The total expense that you can use in a year is limited to \$3,000 for one qualifying person or \$6,000 for two or more.

Certain Care Does Not Qualify

You may not include the cost of certain types of care for the tax credit, including:

- Overnight camps or summer school tutoring costs.
- Care provided by your spouse or your child who is under age 19 at the end of the year.
- Care given by a person you can claim as your dependent.

Keep Records and Receipts - You will need the name, address and taxpayer identification number of the care provider. You must report this information when you claim the credit.

Dependent Care Benefits - Special rules apply if you are provided dependent care benefits from your employer.

Remember that this credit is not just a summer tax benefit.
You may be able to claim the credit for qualifying care that you pay for at
any time during the year.

Our emphasis at Muffoletto & Company is to provide you the proper guidance and
understanding of the system so that you avoid taxes to the extent that the law allows.

Should you have questions relating to these matters, tax, financial, and accounting
issues, give us a call at (818) 346-2160.

You can also visit us on the web at www.petemcpa.com!

**We here at Muffoletto & Company believe that the more informed you are in regards to
the rules and regulations that affect you the more we can be of service.**

**Should you have questions relating to any tax or financial matters, or if you know of
someone that could benefit from our assistance feel free in calling us at
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