

Keep in Mind the Child and Dependent Care Credit this Summer

IRS Special Edition Tax Tip 2016-10, June 21, 2016

Day camps are common during the summer months. Many parents enroll their children in a day camp or pay for day care so they can work or look for work. If this applies to you, your costs may qualify for a federal tax credit. Here are 10 things to know about the Child and Dependent Care Credit:

1. **Care for Qualifying Persons.** Your expenses must be for the care of one or more qualifying persons. Your dependent child or children under age 13 generally qualify.
2. **Work-related Expenses.** Your expenses for care must be work-related. In other words, 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. They also meet it if they are physically or mentally incapable of self-care.
3. **Earned Income Required.** You must have earned income. Earned income includes wages, salaries and tips. It 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.
4. **Joint Return if Married.** Generally, married couples must file a joint return. You can still take the credit, however, if you are legally separated or living apart from your spouse.
5. **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.
6. **Credit Amount.** The credit is worth between 20 and 35 percent of your allowable expenses. The percentage depends on your income.
7. **Expense Limits.** The total expense that you can use in a year is limited. The limit is \$3,000 for one qualifying person or \$6,000 for two or more.
8. **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.
9. **Keep Records and Receipts.** Keep all your receipts and records for when you file taxes next year. You will need the name, address and taxpayer identification number of the care provider. You must report this information when you claim the credit on [Form 2441](#), Child and Dependent Care Expenses.
10. **Dependent Care Benefits.** Special rules apply if you get dependent care benefits from your employer.

Keep in mind this credit is not just a summer tax benefit. You may be able to claim it at any time during the year for qualifying care. [IRS Publication 503](#), Child and Dependent Care Expenses, provides complete details on all the rules. Get it anytime on [IRS.gov](#).

Additional IRS Resources:

- [Tax Topic 602](#) - Child and Dependent Care Credit
- [Frequently Asked Questions](#) - Child Care Credit