



THE HARRISON GROUP, INC.

## Allowable Dependent Daycare Expenses

The Dependent Daycare Flexible Spending Account may be used for daycare expenses provided for your dependents so that you (and your spouse, if you are married) can work. Care must be for a dependent child under the age of 13 or a dependent of any age that lives in your household and is incapable of self-care. This is a general listing of accepted items. Please check your employer's plan documents for specific exclusions.

Expense	Allowed?	Comments
After-school care or extended day programs (supervised activities for children after the regular school program).	YES	These programs are generally custodial in nature although children may be supervised by qualified adults the primary purpose of the program is to care for children while parents are at work.
Au pair	YES	With the exception of airfare and other fixed costs as long as the expenses are within plan year and the au pair is reporting the payments as income on his or her federal income tax return.
Babysitter (inside or outside participants' home)	MAYBE	Yes, unless babysitter is the child of the participant (or spouse) under 19 years of age or is otherwise claimed as a dependent by the employee or spouse on their federal tax return. Also, the primary purpose must be to care for their children while the parents are at work.
Custodial or elder care expenses	MAYBE	Eligible to the extent not attributable to medical services as long as care is for a legal dependent of the participant.
Educational Expenses – First Grade and above	NO	
Educational Expenses – Kindergarten	NO	If the child attends ½ day kindergarten and ½ day daycare the expenses may be prorated accordingly and the daycare charges may be reimbursed.
Educational Expenses – Nursery School	YES	Eligible as long as the primary purpose of the expense is custodial care so the parent(s) can work. Most nursery schools are custodial in nature.
FICA and FUTA taxes of daycare provider	YES	
Food Expenses	MAYBE	Yes, if the expenses are included in the daycare charges. No, if the expenses are included as a separate charge.

Expense	Allowed?	Comments
Household services (housekeeper, maid, cook)	<b>MAYBE</b>	Yes, if the primary purpose is custodial care and household services are incidental.
Incidental Expenses (Diaper or Activities Fees)	<b>MAYBE</b>	Yes, if included in the daycare charges. No, if the expenses are itemized as a separate charge
Membership Dues/ Fees	<b>NO</b>	Not even if it is necessary for child to participate in the after-school program. Only charges for actual after-school care are reimbursable.
Nanny Expenses	<b>MAYBE</b>	See Au pair and Household Services expenses above.
Overnight camp expenses	<b>NO</b>	
Registration Fees	<b>MAYBE</b>	Generally ineligible as most registration fees do not go toward the care of a child. These will qualify if the fee must be paid in order to obtain care. However, the fee should not be reimbursed until care is provided. Registration fees that are forfeited because a different provider was selected are not reimbursable.
Relative (when the relative is the caregiver)	<b>YES</b>	As long as the relative is not a dependent or dependent child under the age of 19.
Sick-child center	<b>YES</b>	As long as services are to provide care for the child while the child's parents work.
Sick employee (care for a child while parent is sick)	<b>MAYBE</b>	No, for long-term illness. Yes, for short-term illness.
Summer day-camp	<b>MAYBE</b>	Eligible to the extent attributable to care for the dependent regardless of whether the program includes instruction for sports or other extra-curricular activities. The primary purpose of the expense for summer day camp should be custodial and not educational.
Transportation expenses	<b>MAYBE</b>	Yes, if included in the daycare charges. No, if the expenses are a separate charge.
Tuition	<b>NO</b>	Education expenses for kindergarten and up and are not reimbursable.

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