



Virtual Summer Day Camps and Dependent Care FSAs

What is the Employee Benefit?

A Dependent Care FSA allows employees to set aside pretax dollars to pay for work-related custodial care for a child under 13 years of age or a dependent over 13 who is mentally and physically incapable of self-care. This FSA definitely covers summer day camps, however, with the occurrence of virtual camps during COVID-19, there have been additional questions.

Things to Know:

- **Requirements to satisfy:** Qualifying dependent care expenses must satisfy a three-part test. The first is that the camp must be provided to a dependent. The second and third requirements are more nuanced in this work-from-home world, and determine if this can be considered a qualifying expense.
 - The expense must be incurred to allow you and your spouse (if filing jointly and subject to a few exceptions), to work or look for work.
 - The expense must be incurred for providing care of a dependent.

Please note the following: The term “Care” is generally considered to be an activity for the primary purpose of maintaining the “well-being and protection” of the dependent. As such, school tuition is not a qualifying dependent care expense because its primary purpose is education. However, an incremental expense of a reading tutor within a daycare program would likely be considered qualified.

- **Consideration of Care Provider:** When dependents are home and parents are working from home – the parent is providing care. When the parent pays to enroll a dependent in day camp, the parent is having someone else maintain vigilance over the child’s activities and, perhaps, alerting when that is not the case. It can be argued that if the expense is for the primary purpose of maintaining the child’s well-being and protection and would otherwise the other two tests – then yes this is an eligible expense. Additionally, the situation does not change if this vigilance is provided via an online platform with mutual audio and visual functions.

In all cases, the facts and circumstances of each situation will determine whether the expense is eligible. A parent submitting a claim in a Dependent Care Assistance Plan for reimbursement attests to the face the expense meets all three of these tests.

To learn more about some of the most common eligible dependent care expenses, check out the link:

<https://www.tasccaresforkids.com/eligible-expenses/>



Additional Resources

We want to help! You don't need to be a TASC customer to call our hotline or download our helpful documents.

General questions on this benefit	Want to administer this account yourself	Want guidance for your benefits TPA?	Want to have TASC handle this benefit for you?
Call our Special Forces COVID-19 hotline:  Call 1-833-433-1002	Download our helpful How-To document: Get Started.	Share our How-To document with your administrator: Get Started.	Contact us to do all or part of this work effort for you:  1-888-595-2261, or Get Started.

Why TASC?

For more than 40 years, TASC has been a leader, an innovator, and a partner of employers committed to ensuring the health, wealth and well-being of their employees and their employees' families and community. TASC was a pioneer in assisting sole-proprietor farmers and small businesses save billions in tax dollars through the adoption of health reimbursement plans; challenging many ill-informed IRS auditors, accountants, and naysayers along the way. TASC, through FlexSystem, brought the idea of a Cafeteria Plans to large and small businesses; challenging the notion that such plans were burdensome, complicated and difficult to administer.

There from the beginning of Section 125, TASC has brought its knowledge and expertise forward with the idea that together we can improve lives of many, strengthen our communities, and make benefits feel like benefits. TASC understands that each employers circumstance is different. TASC offers its guidance based upon the wealth of its experience as an employer and as a benefits administrator. It is not legal or tax advice and should not be taken as such but is offered to prompt knowledgeable inquiry of your plan professionals and provoke thoughtful plan decision making.