

DEPENDENT CARE ESTIMATION WORKSHEET

Dependent care expenses up to \$5,000 a year (\$2,500 a year if you are married and file a separate return) may be paid before taxes from a dependent care reimbursement account, or up to \$6,000 in expenses may be used to generate a dependent tax credit on your federal income tax return. This worksheet should help you decide which method of paying dependent care expenses is better for you. Please note that the maximum of \$5,000.00 is per household.

REIMBURSEMENT ACCOUNT	YOU	JOHN AND JANE DOE
☛ 1. (a) Total annual family adjusted gross income before taxes	\$	\$75,000.00
☛ (b) Estimated cost of dependent care for the upcoming year (not to exceed \$5,000)	\$	\$5,000.00
☛ (c) Tax bracket	%	32.65%
☛ (d) Tax Savings (multiply expenses in item (b) by the percentage in item (c))	\$	\$1,632.50

TAX CREDIT

☛ 2. (a) Enter the amount in item 1(b) (not to exceed \$3,000 for one child or \$6,000 for 2 or more children)	\$	\$6,000.00 (2 children)
☛ (b) Tax credit percentage (see table on reverse)	%	20%
☛ (c) Tax Credit (multiply amount in item (a) by the percentage in item (b))	\$	\$1,200.00

COMPARISON

☛ Subtract item 2(c) from item 1(d) (if result is positive you may wish to consider using the reimbursement account)	\$	\$432.50
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ELIGIBLE EXPENSES

Expenses incurred for the care of dependents under age 13, or disabled or elderly dependents who spend at least 8 hours per day in your home are eligible for favorable tax treatment, if the expenses are custodial (not educational) in nature and are incurred in order for you (you and your spouse if you are married) to work at gainful employment. The services may be provided inside or outside your home, but if the services are provided outside your home by a facility which cares for seven or more children, such facility must be a qualified day care center that meets all local and state regulations governing such facilities.

TAX RATES

EFFECTIVE JANUARY 1, 2011

ADJUSTED GROSS INCOME:

Single:

Over	But not over		Of excess over
	up to \$10,600	\$0.00 plus 10%	\$2,100
\$10,600	\$36,600	\$850.00 plus 15%	\$10,600
\$36,600	\$85,700	\$4,750.00 plus 25%	\$36,600
\$85,700	\$176,500	\$17,025.00 plus 28%	\$85,700
\$176,500	\$381,250	\$42,499.00 plus 33%	\$176,500
\$381,250	and above	\$110,016.50 plus 35%	\$381,250

Married:

Over	But not over		Of excess over
	up to \$24,900	\$0.00 plus 10%	\$7,900
\$24,900	\$76,900	\$1,700.00 plus 15%	\$24,900
\$76,900	\$147,250	\$9,500.00 plus 25%	\$76,900
\$147,250	\$220,200	\$27,087.50 plus 28%	\$147,250
\$220,200	\$387,050	\$47,513.50 plus 33%	\$220,200
\$387,050	and above	\$102,574.00 plus 35%	\$387,050

TO ESTIMATE YOUR 2011 DEPENDENT CREDIT PLEASE USE [IRS FORM 2441](#).