

IRS SUMMER TAX TIP

SUMMER DAY CAMP

Many working parents must arrange for care of their younger children during the school vacation period. A popular solution — with favorable tax consequences, according to the IRS — is a day camp program. Unlike overnight camps, the cost of day camp counts as an expense towards the child and dependent care credit. Of course, even if your child care provider is a sitter at your home, you'll get some tax benefit if you qualify for the credit.

You figure the credit on up to \$3,000 of expenses, \$6,000 for two or more children. The credit rate ranges from 20% to 35% of expenses, depending on your income. The 35% rate applies if your income is under \$15,000; the 20% rate, if your income is over \$43,000.

For more information, see IRS Publication 503, Child and Dependent Care Expenses, available on the IRS Web site at www.irs.gov in the Forms and Publications section, or order it by calling toll free 1-800-TAX-FORM (1-800-829-3676). Additional information can be found in IRS Tax Tip 2004-47, Child and Dependent Care Credit, dated March 9, in the Newsroom section of the IRS Web site.