

Household Employee Expenses

One way to minimize your tax liability is to maximize your expenses and credits, such as the credit for employment-related expenses to provide care for your children or other dependents.

Qualifying employment-related expenses are those that enable you (and your spouse, if married) to be gainfully employed, such as expenses for housekeepers and cooks. The maximum amount of employment-related expenses to which the credit can be applied is \$3,000 if one qualifying individual is involved and \$6,000 if two or more qualifying individuals are involved.

To be eligible for the credit, you must incur the expenses either on behalf of a child under the age of 13 or for a disable spouse or dependent. To be classified as expenses for household services, the expenses must be attributable at least in part to the care of a qualifying individual.

Payments made to a related person under age 19 who you can claim as a dependent do not qualify as child care expenses for purposes of the tax credit. However, payments made to relatives who are not dependents do qualify as employment-related expenses.

We would like to review your records to ensure that you are maximizing your qualified household employee expenses. Please contact our office to make an appointment to discuss this important tax planning opportunity.