on the arrangements, they may be entitled to claim a healthy tax credit – the dependent care credit (also known as the "child care credit") – for the daily expenses. However, there are no tax benefits available for overnight camps or other personal expenses.

Ken Berry • May. 13, 2014

[This is the third in a series of articles on tax-saving opportunities for individual and business clients during the summer months.]

Are your clients making plans to send their kids off to camp this summer? Depending on the arrangements, they may be entitled to claim a healthy tax credit – the dependent care credit (also known as the "child care credit") – for the daily expenses. However, there are no tax benefits available for overnight camps or other

(AGI) with a maximum credit of 35% being reduced to 20% for an AGI greater than $43,000. Count only the first $3,000 of expenses for one qualifying child and $6,000 for two or more children. Thus, the maximum tax credit for most moderate-to-upper income taxpayers is $600 or $1,200, respectively.

But there’s no requirement that parents have to find the least expensive option for caring for the kids during the summer months. So day care costs at a municipal pool or country club can qualify as well as the costs of sending a child to a day camp – including Boy Scout, Girl Scout or Cub Scout camps — where they might enjoy hiking, boating and other activities. On the other hand, overnight camps don’t qualify for any credit.

The camp can even be a “specialty camp” where education or training in a particular area of expertise is emphasized. For instance, parents might enroll their young prodigy in a math camp or send a budding goalie to hockey camp. The entire cost of attending the specialty camp is eligible for the credit, as long as it is a day camp, but not any expenses of personal accessories like laptops or goalie pads and sticks.

Parents must remember to obtain the information needed for claiming the credit on their personal tax return. This includes the camp’s name, address and taxpayer identification number. Form 2441 (Child and Dependent Care Expenses) must be attached to the return.

Finally, be aware that the work-related expenses used to figure the credit can’t exceed a taxpayer’s earned income or, for married couples, the earned income of the lower-paid spouse. For a spouse who is a full-time student, earned income during the time he or she is in in school is considered to be $250 a month for one qualified child and $500 for two or more children. The credit is nonrefundable, so it can’t be used to generate a tax refund for the parents.