

WHAT ARE YOUR DCAP TAX SAVINGS?

This worksheet has been provided to assist you in determining if the DCAP will save you more in taxes or if the Federal Dependent Care Expenses Income Tax Credit will work better for your family

HOW TO ESTIMATE YOUR DCAP TAX SAVINGS		HOW TO ESTIMATE YOUR DAY CARE TAX CREDIT	
YOUR ANNUAL DAY CARE EXPENSES Enter your annual dependent care expenses, up to \$5,000 if you are single or married filing joint return or \$2,500 if married filing a separate return.		YOUR ANNUAL DAY CARE EXPENSES Enter your annual dependent care expenses, up to \$3,000 for one dependent or up to \$6,000 for two or more dependents.	
YOUR FEDERAL TAX BRACKET Enter your federal tax bracket as shown in Chart #1.		YOUR FEDERAL TAX CREDIT PERCENTAGE Enter the Federal Tax Credit Percentage as shown in Chart # 2. The Tax Credit is a percentage of the eligible dependent day care expenses. For example, if your adjusted gross earnings were greater than \$45,000, the tax credit would be 20% of your eligible expenses.	
YOUR SOCIAL SECURITY RATE If your individual earnings are less than \$106,800, enter 7.65. If your individual earnings are greater than \$106,800 enter 1.45.			
ESTIMATED DCAP TAX SAVINGS		ESTIMATED FEDERAL DAY CARE TAX CREDIT	

Now that you've worked the numbers, does the DCAP provide you with greater tax savings or will the Tax Credit work better for you?

CHART # 1 - Federal Tax Brackets		CHART # 2 - Federal Tax Credit Percentages			
Taxable Annual Earnings Up To	Tax Bracket	Annual Earnings Up To / Tax Credit Percentage		Annual Earnings Up To / Tax Credit Percentage	
Married Filing Joint Returns		\$15,000	35%	\$31,000	27%
\$75,650	15%	\$17,000	34%	\$33,000	26%
\$118,130	25%	\$19,000	33%	\$35,000	25%
\$216,600	28%	\$21,000	32%	\$37,000	24%
Head of Household		\$23,000	31%	\$39,000	23%
\$36,200	15%	\$25,000	30%	\$41,000	22%
\$66,530	25%	\$27,000	29%	\$43,000	21%
\$173,600	28%	\$29,000	28%	\$45,000	20%
Earnings in excess of \$216,600 (Married, Joint Return) and \$173,600 (Head of Household) taxed at between 33% to 35%.					
This worksheet is based upon 2009 income tax brackets and definitions or as noted. This is not directed to any specific situation or individual. This is not intended to be legal, accounting, tax or professional advice and we do not assume liability for the use of or reliance on this information. Tax Advice Disclosure: Pursuant to the requirements of the Internal Revenue Service Circular 230, please note that any federal tax advice contained in this document (including any attachments, enclosures, or accompanying materials) is not intended or written to be used, and cannot be used, for purposes of avoiding penalties that may be imposed by the Internal Revenue Code. We suggest that you consult with your tax advisor regarding your individual tax situation. You may find that you can participate in the DCAP up to the maximums and still take a partial tax credit. Your participation in the Dependent Care Assistance Plan (DCAP) may also reduce your State and Local Taxes, increasing your total DCAP tax savings. DCAP Tax Savings Worksheet 2009 – Rev 11-2009					