

Did you know that you can get tax-credits when you serve as a caregiver?

Beyond the emotional and physical tolls of caregiving, it also incurs a financial cost. The average caregiver spends about \$7,200.00 a year on caregiving. There are currently several tax credits that you can use to help off-set that cost.

Currently Existing Credits

The Credit for other Dependents

Claiming someone other than your child as dependent. This credit for other dependents is available to individuals who meet certain criteria. The dependent must be:

1. A non-relative who has lived with you for a full year
2. A relative who is either your child, sibling, grandchild, or niece or nephew
3. A relative who is a direct ancestor, stepparent, aunt, uncle, son or daughter-in-law, father or mother-in-law, brother or sister-in-law.

The dependent must also fit the following criteria:

1. "They haven't already been claimed for the Child Tax Credit or Credit for Other Dependents, either by you or by anyone else
2. They are a U.S. citizen, U.S. resident alien, or U.S. national
3. They aren't filing a joint return with their spouse
4. They either lived with you for the entire year or are related to you
5. They have less than \$4,300 gross income this year (nontaxable Social Security doesn't count)
6. You provided more than half of their financial support."

Deducting the Medical Expenses of Dependents

If you provided most of the individual's support for the year, even if they are not a dependent," you may be able to deduct the cost of their medical expenses. They must either have lived with you for more than half the year, or you must provide most of their support or both.

To qualify, the total cost of your household's medical expenses must be greater than 7.5% of your income. To deduct medical expenses, they must be itemized. You can use [this link](#) to determine if you can deduct your loved one's medical expenses.

The Child and Dependent Care Credit

The Child and Dependent Care credit is available for individuals who paid for a qualifying individual to receive care so they could work or actively look for work. This amount is fully refundable, even if you don't owe income tax. The maximum amount of credit you can receive is \$8,000 for one person receiving care, and \$16,000 for two or more persons receiving care. For more information - [check here](#).

Flexible Spending and Health Savings Accounts

Flexible Spending Arrangements (FSAs) and Health Savings Accounts (HSAs) are tools that allow you to set aside tax-free money to be spent on medical expenses.

The Credit for Caring Bill

In addition to these, a new credit, known as the "Credit for caring" was introduced to the Senate in May of 2021. While the bill has currently stalled in the Senate Committee on Finance, it or a bill like it may pass in the near future. This bill had bipartisan support as well as support from organizations like the Association of Area Agencies on Aging and Walgreens.

This bill would provide taxpayers with a credit for dependents, such as adult parents or friends who lived with you but did not provide more than half of their own support for the year, who do not qualify for the Child Tax Credit. The credit would be worth \$500 for every dependent of an individual earning under \$200,000.

For more information, you can visit:

https://ttlc.intuit.com/turbotax-support/en-us/help-article/family-tax-credits-deductions/500-credit-dependents-family-tax-credit/L8nYkfc1Q_US_en_US

https://www.irs.gov/publications/p501#en_US_2021_publink1000220815

<https://www.castroandco.com/blog/2018/march/deducting-medical-expenses-of-parents-and-relati/>



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