

Publications

# IRS Proposed Regulations Update and Clarify Rules on Dependent Care Assistance Expenses

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At the end of May, the IRS issued proposed regulations under Code section 21 (Dependent Care Services Tax Credit), which impact Dependent Care Assistance Flexible Spending Arrangements under Code section 129. These proposed regulations clarify many issues, but there are some areas in which employers may want more flexibility in plan design. Accordingly, employers or administrators may wish to comment on these regulations to urge the IRS to adopt more flexible rules.

The deadline for comments is August 22, 2006. The attached memo contains a summary of the proposed regulations.

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