

Dear Kumon Parent:

Every tax season, many of our Instructors are asked to provide their tax identification numbers to parents. However, Kumon North America, Inc. has advised the Instructors they are not required to supply this information to parents because Kumon tuition does not qualify as a child care or dependent care expense.

Many employers have established Health Care Flexible Spending Accounts (HCFSA) and Dependent Care Flexible Spending Accounts (DCFSA) for their employees. A HCFSA pays for uncovered or unreimbursed portions of qualified medical costs and a DCFSA pays for eligible expenses for dependent care. All contributions to FSAs are made from pre-tax earnings. A number of parents that contribute to a DCFSA believe Kumon tuition is an eligible expense for child care or dependent care. Unfortunately, the tuition payments do not qualify.

Rules for Child Care and Dependent Care Expenses:

Child care and dependent care expenses must be work related to qualify for the credit. Expenses are considered work related only if both of the following are true:

1. They allow you (and your spouse if you are married) to work or look for work.
2. They are for a qualifying person's care.

Expenses for care **do not include** amounts you pay for food, clothing, education, and entertainment.

A Kumon Math & Reading Center is not a day-care center and does not provide child care services. Therefore, the tuition paid to attend a Kumon Math & Reading Center does not qualify as a child care or dependent care expense and you cannot submit it to your employer for reimbursement. As a result, Kumon Instructors are under no obligation to provide their tax identification numbers to parents for the purpose of claiming Kumon as a dependent care expense.

Your cooperation and understanding of this matter is appreciated. Please consult your tax advisor for a further explanation of the IRS rules.

Sincerely,

KUMON NORTH AMERICA, INC.