



IRS Treats Face Masks, Hand Sanitizers, and Sanitizing Wipes as Qualified Medical Expenses

On March 26, 2021, the IRS released [Announcement 2021-7](#) that provides that amounts paid for personal protective equipment for the primary purpose of preventing the spread of COVID-19, such as masks, hand sanitizer and sanitizing wipes for use by the taxpayer, the taxpayer's spouse, or the taxpayer's dependent(s) are treated as amounts paid for medical care under § 213(d) of the Internal Revenue Code. As such, these amounts can be reimbursed by a health flexible spending arrangement, a health reimbursement arrangement or a health savings account.

OCA will be automatically amending our clients Health FSA plans to include PPE as qualified medical expenses. This will be in effect for the 2021 plan years. Should an employer wish to not include PPE as an eligible expense, please contact OCA directly to opt out.

Reminder! ARPA Increases 2021 Dependent Care Account Limits

On Thursday, March 11, 2021, President Biden signed the The American Rescue Plan Act (ARPA) of 2021. The relief bill temporarily increases the maximum contribution amount for Dependent Care Assistance Plans (DCAP). For 2021,

employees who participate in their employer's DCAP plan may now contribute up to \$10,500 annually (up from \$5,000). Taxpayers who are married filing separately will see an increase from \$2,500 to \$5,250.

The DCAP Increase Is Not Automatic

Submit Amendment Form

Employers will need to amend their DCAP plan to allow for the increased limit. The amendment can be retroactive so long as the amendment is adopted by the last day of the plan year in which the amendment is effective. OCA clients can quickly complete our online [**DCA Amendment Request form**](#) by clicking the amendment button above. Once the amendment has been processed, employers may permit their employees to update their DCA elections.

Note: If you have already completed the amendment request to increase the contribution limit, please disregard. OCA has already processed your request.

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