

The IRS recently announced that child care providers may use a standard meal allowance rate for food deductions. This would take the place of tracking grocery receipts and using a formula to determine the deductible shared portion of food expenses. The IRS has published rates to be used for 2000, 2001, 2002 and 2003, but does not mean to imply that amended returns should be filed for prior years.

The rates are:

2003 - breakfast \$.98	lunch/supper - \$ 1.80	snack - \$.53
2002 - breakfast \$.96	lunch/supper - \$ 1.78	snack - \$.53
2001 - breakfast \$.94	lunch/supper - \$ 1.72	snack - \$.51
2000 - breakfast \$.92	lunch/supper - \$ 1.69	snack - \$.50

Use of these rates implies that you have accurate records of each breakfast, lunch, snack and dinner served to your day care children. Attendance records or billing records for the food program should be sufficient to cover the paperwork necessary.

This does **not** eliminate ALL record keeping, however. Non-food supplies such as paper supplies, cleaning supplies and bleach, craft supplies, aluminum foil and plastic wrap, are not covered by the food reimbursement and receipts would need to be kept regarding those expenses. Expenses for other items such as office in home, (including expenses such as utilities, rent and repairs) would also still need to be accounted for.

To use the new rates and to help us compare the IRS rates to your actual costs, please enter:

Total **breakfasts** served to **child care** children _____

Total **AM snacks** served to **child care** children _____

Total **lunches** served to **child care** children _____

Total **PM snacks** served to **child care** children _____

Total **dinners** served to **child care** children _____

Total **bedtime snacks** served to **child care** children _____

Total Child Care meals served for the Year _____

Total Family meals served for the Year _____

If you are a very frugal shopper and keep your menus as inexpensive as possible, the new rates will probably give you an extra deduction. However, if you feel that what you spend is more than the rates allow as a deduction, you will want to keep parallel records for a year or two to compare expenses to see which gives you the biggest deduction – actual costs or the IRS rates.