



Leading Small Businesses and Individuals to Success

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Total Business Hours: The total number of hours spent providing child care for the year. This number should include setup time, preparation time, cleanup time, and time that children were actually present in the house. If you are calculating by the week (for example, twelve hours per day, five days per week), don't forget to subtract out the days off for sick time, vacations, holidays, etc. Use only the actual number of days you were open for business. To count the time children were present in your home, use the first child to arrive and the last child to leave – one child present is sufficient to count the time, and more children present doesn't change the number of hours. Also, don't forget to pay attention to schedule changes during the year - you may have had children on a weekend now and then, or overnight. Those extra hours are very valuable on your tax return, so be as accurate as possible.

Number of Rooms Used for Child Care: If a room is consistently used for any part of a day, then it should be counted. If it is used for naps, for laundry, for play, for quiet time, for storage, count it.

Meals: To allocate shared food costs between the family and childcare, we need to know total meals served to the childcare children AND the total meals served to everyone (this includes your family). This information will be used to compare deductions using actual costs and IRS standard meal allowance rates, so that we can use the larger of the 2 calculations.

Craft, paper, food, laundry & cleaning supplies: Soaps, laundry detergents, fabric softeners, shampoo, rinses, toilet paper, paper towels, bleach, tissues, aluminum foil, plastic wrap, paper plates, cups, napkins, craft supplies, crayons, drawing paper, paints, chalk. These items can all be totaled together as supplies, since they are often purchased with the groceries.

Substitute care/temporary help: Payments to others to help care for the children while you are absent, or extra help when you have a lot of children. If you pay someone more than \$600 during the year, you need to give them a Form 1099 to tell them how much you paid them. These people are NOT employees – you do not withhold taxes on their earnings.

Repairs: Repairs to the house, yard, or any furnishings or fixtures. Can include lawn care, plumbing, heating/cooling, etc. As with all home expenses, these need to be sorted into three categories: all child care, all personal, and shared. Repairs are generally under \$500, except for items such as painting the exterior of your house.

Gifts: Birthday gifts, Christmas gifts to parents or children. Basic rule of thumb is a maximum of \$25 per person per year for gifts. Cards and party supplies and holiday decorations can go in with supplies.

Housing Costs: If you own your home, and this is the first year you are reporting child care income, we will need the original cost of purchasing the house, plus the cost of any improvements you have made to the house since you moved in. Market value is not necessary and cannot be used. For subsequent years, you need to report only the NEW (current year) improvements. Improvements cost more than \$500.

Utilities, Mortgage Interest, Real Estate Taxes, Insurance: Please furnish totals for the entire year, even if you were only in business for part of the year.

Toys, Equipment, Home Furnishings, Home Improvements: For the first year you report child care income, we need the cost (if new) or the fair-market (resale) value of all furniture, fixtures, equipment, appliances, toys, books etc. used either in part or fully for child care. Please separate your lists into the categories of "SHARED" and "100% CHILDCARE", meaning things that are used both by your family and the daycare business, and things that are used only for daycare. Again, the first year we need a full list; after that, we only need the current year additions to the list. Don't forget the "hidden" things like appliances, dishes, glassware, storage containers, silverware, pots, pans, utensils etc. Feel free to make an estimate for groups of similar items, such as "Dishes, glassware - \$300". You don't need to list the small items individually.

In trying to separate equipment or fixtures from home improvements or the cost of your home, a basic rule is "If it was attached to the house when you bought the house, or if you would leave it behind if you moved, it's part of the cost of the house. If it is moveable and you brought it in or would take it with you if you moved, it's equipment."

Mileage: Mileage for child care can include outings, trips for supplies and groceries, travel to seminars, trainings, the post office, the bank, the library, or even driving the children to school or picking them up from school.