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Daycare Provider Check List

Important tax information for child care operators

If you are a daycare provider and it is time to file your taxes, please remember the following things:

- Total your income and expenses PRIOR to coming into the office.
- You do not need to bring the receipts into the office, BUT you will need to provide them to the IRS if they ever ask for them.
- Following are examples of income and expenses for in-home or center based daycare providers

Income

- Title XX Income (state pays for low income families)
- Food Program Income (state or private organization reimburses food expenses)
- Co-pay (some families that receive state assistance must pay for a portion of their daycare)
- Private Pay (daycare expenses paid with no government assistance)

Expenses

- Food...Option 1: Standard Deduction: (no receipts needed)
 - Figure how many of each were served in 2008 (2008 rates listed)
 - Breakfast (\$1.11)
 - Lunches/dinner (\$2.06)
 - Snacks (\$.61 snacks...max of 3 per day)
 - No food receipts needed
 - Count extra snacks that may not have been reimbursed by the food program
- Food...Option 2: Actual Expenses (must have receipts)
 - Total all food receipts
 - Deduct any personal expenses for food
- Auto Expense...Option 1: Standard Mileage (no receipts needed)
 - Business miles driven must be documented (include transportation to and from: homes, school, field trips, grocery store, etc)
 - Total business miles
 - Total all miles
- Auto Expense...Option 2: Actual Expenses (must have receipts)
 - If you take actual expenses you must continue to take actual expenses
 - You can not switch from actual to standard mileage on the same vehicle

- Business and Total miles driven must be documented (the percent of business miles driven will be deductible)
- Total receipts for each of the following:
 - Gas
 - Repairs
 - Maintenance
 - Washes
 - Licenses/Taxes
 - Insurance

Side note: A receipt is needed to verify any of the following expenses; remember it is not necessary to bring in the receipts but you must present them if the IRS requests them. The more organized they are the better the chance of the expense not getting disallowed in an audit.

- Advertising (phone book, newspaper, website, etc)
- Bedding (blankets, sheets, nap mats, pillows, etc)
- Big Ticket items (will usually last longer than a year and will include items such as baby beds, toddler beds, televisions, playground equipment, computer, etc)
- Continuing Education (conferences, CPR classes, etc)
- Education (books, games, crayons, crafts, etc)
- Field Trips/Parties (skating, zoo, circus, supplies/decorations for holiday parties, birthday parties, etc) (you must deduct any amount the child paid for the event)
- Gifts (per person limit)
- *Insurance (liability)
- License/Fees
- Medical (prescriptions, physicals, band aids, etc)
- Office Supplies (paper, pens, toner, computer supplies)
- Paper Supplies (plates, cups, silverware, toilet paper, paper towels, etc)
- *Rent/Lease
- *Repairs/Mtce (repairs on daycare building or home necessary for operation is 100% deductible, general repairs on home partially deductible)
- *Safety/Security
- Temporary Help
- Toys
- *Utilities (Gas, Electric, Cable, Telephone, etc)
- Mortgage Statement (for Interest, taxes & Insurance)

*Please note if you have your daycare in the same home you live in, additional information will be required to determine how much of the expenses are deductible.

If your day care is in a building separate from your home and the building is used exclusively for the day care then 100% of the expenses are deductible.

Additional Information Required for in-home daycares:

- Total Square Footage of Home

- Square Footage used for daycare
- Total # of hours home was used for the daycare
 - If you do not have children 24 hours but are licensed 24 hours you only count the time when the first child arrives until the last child leaves
 - Do not count weekends if you do not watch children on the weekends

This is a lot of work but please note we have seen an increased number of audits of child care operators.

To discuss your specific daycare tax information call or stop by either Associated Tax office in Omaha at 48th and Dodge or 30th and Ames.