



Tax Tips for Home Childcare Providers

Did you know running a daycare service from your home can qualify you for significant tax deductions?

If you are licensed, registered, and approved as a certified daycare provider under state law, you are entitled to a special 'mixed use' designation which allows you to get a tax deduction for portions of your home that are used for both daycare and personal purposes.

Check out these **5 Tax Tips for Home Childcare Providers** below!

1) Home Office Deductions

Time-Space Percentage calculation is a key factor for home-based child care providers to accurately claim home office deductions. This reflects the portion of your home used for business (space) and the amount of time it is used for that purpose (time). This percentage is then used to calculate what portion of your overall household expenses can be attributed to your business and thus deducted. These expenses may include, rent, utilities, insurance, real estate taxes, mortgage interest, maintenance and repairs.

2) Count Your Appliances

Furniture and appliances that are routinely used in the operation of your childcare center can be partially deductible on your tax return based on their usage. These items can include washers, dryers, stoves, refrigerators, dishwashers, tables, chairs, and even your television!

3) Bad Debt Doesn't Count

If your childcare center runs on a cash basis, you cannot write off unpaid fees that you did not collect from the parents. That income is excluded from your annual income report, and therefore, you will not pay taxes on it.

4) Don't Forget Your Vehicle

If you have a vehicle that you use for both childcare and personal activities, make sure to keep track of your mileage and write off all miles that are used for the childcare. On the other hand, if you have a car that you use exclusively for daycare activities, you may be qualified to take advantage of a Sec 179 depreciation deduction for that vehicle.

5) Food Program Reimbursement

If you provide meals and snacks in your program, you can claim deductions for these costs. Report food reimbursement as income and list all expenses for food served as expenses.

Questions? Don't hesitate to reach out to learn more!

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