



key expenses

AUTO TRAVEL:

Your auto expenses are based on the number of qualified business miles you drive. Auto expenses for you as a day care provider could include your transportation:

- to and from a class taken to enhance your day care skills;
- on field trips with those for whom you are providing care;
- for errands related to day care business (e.g. going to the bank to make a deposit of day care receipts);
- to the store to shop for day care supplies; or
- when chauffeuring day care attendees.

CAPITAL PURCHASES:

Certain purchases for day care use may be so-called “capital items.” These items must be deducted on your tax return using different rules than are used for supplies and expenses. Capital items are those that normally last more than one year and cost more than \$100 – typical examples would be cribs, playground equipment etc. Be sure to keep receipts for these items separate from receipts for general supplies.

SUPPLIES AND EXPENSES:

Generally, to be deductible, items must be ordinary and necessary to the operation of your day care business. Record separately from other supplies the costs of business assets that are expected to last longer than one year and cost more than \$100. Normally, the costs of such assets are reported differently on your tax return than are other recurring,

everyday business expenses like small toys or books. Try to get separate store receipts for the items you use for day care. For example, if you buy food for the day care attendees, don’t combine this purchase with the food purchases for personal use.

BUSINESS USE OF HOME:

Normally, the expenses you incur (other than home mortgage interest, taxes or casualty losses) related to your personal home are not deductible. However, when you regularly use your home for licensed day care, a portion of the cost of your home upkeep can be deductible – the deductible amount depends on both the number of square feet you use for day care AND the amount of time you routinely use various rooms of your home in the day care business.

Your day care records don’t need to detail the specific hours a room in your home is used for business. It’s enough to show that you regularly use a room for day care. For instance, say your home has one bedroom that is regularly used for afternoon naps for day care recipients – about two hours each day. Your day care center is open from 7:00 a.m. to 6:00 p.m. Even though nap time uses only two of the 11 hours your center is open, the bedroom is considered used for business for the entire 11-hour business day.



Occupational
Series

The information provided in this brochure is an abbreviated summary of the rules for the job-related expenses applicable to educators. For additional details as to specific business expenses, the records required and the various governmental regulations, consult the firm providing this brochure.



In order to deduct expenses in your trade or business, you must show that the expenses are "ordinary and necessary." An ordinary expense is one that is customary in your particular line of work. A necessary expense is one that is appropriate but not necessarily essential in your business. The application of these terms to you relies heavily on the "facts and circumstances" of your unique situation.

Tax Deductions for: Day Care Providers

AUTO Travel:

Continuing Education (mi.)
Field Trips (mi.)
School - Pickup & Delivery (mi.)
Shopping - Food & Supplies (mi.)
Parking
Tolls
Other: _____
Other: _____

CAPITAL Purchases:

Car Seats		
Cribs		
High Chairs		
Jungle Gym		
Slides		
Swings		
Other: _____		
Other: _____		
Allocated Expenses*: (Read Instruction on opposite page)	Direct	Indirect
Dishwasher		
Dryer		
Fencing		
Refrigerator		
Television		
VCR		
Washer		
Other: _____		
Other: _____		
Other: _____		
Other: _____		

SUPPLIES & Expenses:

Advertising
Arts & Crafts Materials
Bond
Books - Children's
Bottles - Baby
Child-proofing Devices
Cleaning Supplies
Continuing Education (care provider)
CPR Training
Diapers
Educational Toys
First Aid Supplies
Food
Formula
Insurance - Business
Laundry
Laundry Supplies
Legal & Professional Services
License
Office Supplies
Paper
Party Supplies
Payroll
Repairs
Replacements
Tax - Business
Tax - Payroll
Tax Preparation
Telephone
Tickets, Fees etc. - Field Trips
Toilet Paper
Toys
Video Rentals
Other: _____

BUSINESS Use Of Home:

Total Square Feet of Home		
Business Area of Home		
Business Hours (total for year)		
Home Mortgage Interest		
Property Taxes		
Insurance		
Rents		
Allocated Expenses*: (Read Instruction on opposite page)	Direct	Indirect
Cleaning Service		
Gardener		
Maintenance		
Painting		
Pool Service		
Pool Supplies		
Repairs - Exterior		
Repairs - Interior		
Repairs - Yard, Fence etc.		
Trash Service		
Utilities - Cable		
Electric		
Gas		
Water		
Other: _____		
Other: _____		
Other: _____		
Other: _____		
Other: _____		
Other: _____		