

RECORD KEEPING/ INCOME TAX

The Seven Rules of Good Record Keeping

1. Track income from each parent, the Child and Adult Care Food Program, and Dept. of Social Services. Any other business income. Give parents receipts, have Parents sign them.
2. Save the receipts for all business purchases. Personal receipts too, if it is part business use deductible.
3. Mark your receipts. Use abbreviations. Mark business category.
4. Organize receipts by category, not by month. At end of month after all receipts are recorded then you can put them in one envelope for that month.
5. Keep track of how much time each week you use your home for business. This includes extra time on paperwork, planning act., meals, calls, and interviews.
6. Conduct a regular review of your records.
7. Send in Estimated Tax payments quarterly- approx. 20% of estimated net profit. (15.3%-Soc.Sec.& 10-15% income tax)
8. After filing your tax return, keep your records in a safe place for five years.

KEEPING UP WITH THESE RULES MEANS MORE MONEY IN YOUR POCKET AT THE END OF THE YEAR!

RECORD KEEPING

DAYCARE EXPENSE CATEGORIES

****These Expense Categories coincide with the categories on your Schedule C and Form 8829-Business Use of Your Home, to make it easier at tax time. ****

1. DIRECT BUSINESS EXPENSES- 100% DEDUCTABLE

ADVERTISING	TAXES/LICENSES
HEALTH/LIABILITY/INSURANCE	FOOD
INTEREST	TOYS
LEGAL/PROFESSIONAL SER.	HOUSEHOLD ITEMS
OFFICE EXPENSES	CLEANING SUPPLIES
RENT OF BUSINESS PROPERTY	ACTIVITY EXPENSES
REPAIR & MAINTENANCE	GIFTS
SUPPLIES	CAR EXPENSE-TOLLS/PARKING
TRAVEL/ENTERTAINMENT	MILES-BUSINESS USE
OUTSIDE LABOR	

2. HOUSEHOLD EXPENSES- TIME/SPACE PERCENTAGE DEDUCTABLE

UTILITIES- NATURAL GAS, FUEL, PROPANE, ELECTRICITY,
WATER/SEWER, TRASH, CABLE/SATELLITE, INTERNET,
PHONE-DC BUSINESS CALLS ONLY OR SECOND LINE

HOUSE/RENTERS INSURANCE
REAL ESTATE TAXES
MORTGAGE INTEREST
RENT
HOUSE REPAIRS AND MAINTENANCE

3. DEPRECIATION EXPENSES- MUST BE DEPRECIATED OVER YEARS

HOUSE- MINUS LAND
HOME IMPROVEMENTS- ROOF, FURNACE, APPLIANCES
LAND IMPROVEMENTS- FENCE, DRIVEWAY, LANDSCAPING
PERSONAL PROPERTY- LASTING LONGER THAN A YEAR, OVER \$100

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NOTES

IRS Form SS-4- Application for Employer Identification Number- I encourage all providers to apply and use one. With identity theft on the rise, it is better to use this number than your social security number.

REMEMBER TO ENTER-

- Question 2- Family Child Care
- Question 8a- Sole proprietor w/ SS#
- Question 9- Other- write in Privacy
- Question 14- Other- write in Family Child Care

If you do not have internet access call 1-800-829-4933 or www.irs.gov/smallbiz

IRS Form SE- SELF EMPLOYMENT TAX- You are not getting taxed because you are self employed. This amount is actually what you are paying into your Social Security Account for that year.

IRS Form W-10- DEPENDANT CARE PROVIDER'S IDENTIFICATION & CERT.
Give to parents at end of year with total amount paid for the year.
You can make a copy and use it as your end of year receipt.

USING YOUR OWN COMPUTER SOFTWARE

Microsoft Works, MS Money, Quicken, Peachtree

- Microsoft Works- use Financial Worksheets- monthly home budget/personal budget. Customize to business budget- three areas needed, Income, Expenses, and monthly Totals.
- Use invoice statements for each parent to keep track of payments and amounts owed
- Use contacts section for daycare children's information and records.
- Can create own spreadsheets and/or scan in copies of CACFP forms and attendance sheets, etc.

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RESOURCES

www.redleafpress.org- see catalog for record keeping books and more for Family CC
1-800-423-8309

- Only company to offer record keeping books specific to Family Child Care
- Offer books on several other topics related to Child Care

www.redleafinstitute.org- Redleaf National Institute. Tom Copeland.
1-800-423-8309, rmi@redleafinstitute.org

- A wonderful resource for Family Child Care providers for record keeping, tax issues, everything for the business aspect of Family Child Care.
- You can call or email Tom Copeland with your questions and he answers them promptly and for free.
- Great articles on record keeping, taxes, even CACFP info.
- Latest tax changes pertaining to Family Child Care
- Free monthly newsletter via email, packed with lots of info.

www.irs.gov/smallbiz- IRS for small businesses- 1-800-829-4933

- Free CD's- Pub.3207- The Small Business Resource Guide
Pub.3700- Virtual Small Business Workshop
- Apply online for EMPLOYER IDENTIFICATION NUMBER- remember question #9- check "other" and write in "Privacy"
- Download forms, publications, valuable information for your small business