

Daycare Providers Worksheet

Tax Year: _____

Below please summarize your income and expenses. Remember, in the case of an audit, it is your job to prove the income and deductions with receipts.

INCOME	FOOD PROGRAM NUMBER OF MEALS SERVED (Do not count your own children.)
Daycare:	Breakfast:
Preschool:	Lunch:
Registration:	Dinner:
Late Fees & Interest:	AM Snacks:
Food Program:	PM Snacks:
DSHS:	
TOTAL INCOME:	

TAX DOCUMENTS

PAYROLL - If we prepare your payroll, we have your payroll documents and you do not need to bring any records with you to the appointment. **IMPORTANT** - If we **DO NOT** prepare your payroll, please bring your Form W3 (annual wage report), along with your quarterly ESD reports.

ADDITIONAL TAX DOCUMENTS – Please bring your mortgage interest statement (Form 1098) and your final closing statement if you refinanced, took out equity, or purchased a new home.

AUTO EXPENSES

The IRS allows two ways to claim the expenses for your business use of auto. Both methods REQUIRE A MILEAGE LOG and/or expense records to be kept as you drive. This means miles driven should be recorded as they are incurred. Thinking back a year and guessing does not meet the IRS test of contemporaneous record keeping requirements. You also may not switch back and forth between each method without incurring tax implications. Please discuss your options at tax time to select the best method for you.

METHOD #1

Total miles your car was driven from January - December	#
BUSINESS ONLY miles driven from January - December	#
Total interest paid on the vehicle if financed	\$

METHOD #2

For this method, in addition to the info needed for "Method #1" above we will **also** need the following:

Cost and/or value of vehicle when placed into service (if new this year)		\$
Gas \$	Insurance \$	Repairs \$
Oil \$	License \$	Other \$

Alert to All Daycare Providers

- 1) **Audits** – If the IRS informs you of an audit in writing, send the notice to us. If the IRS calls you to schedule an audit, be sure to exercise your constitutional rights and inform them you want representation. Get their name and phone number, then call us.
- 2) **Hours** – Be accurate on reporting your hours of operation, no guessing or approximations can be used.
- 3) **New Home?** – If you moved during the year, you will be required to prepare two business returns based upon income and expenses per each location.
- 4) **Meals** – Do not assume the days and meals served – count them. If audited and you guessed wrong, your whole meal deduction could be disallowed.
- 5) **100% Daycare Use** – Notice the left side of page 2 of the daycare sheet is for items that are used exclusively for and by the daycare operation.
- 6) **Shared Expenses** – Notice the right side of page 2 lists those items you **share** with the daycare. If you do not separate items like household supplies, cleaning supplies, kitchen supplies, bottled water, etc., then list the total expenses here and we will allocate them.
- 7) **Square Footage Use** – Court ruling states you need to deduct the space of non-100% rooms. This means unless your bedroom and/or any of your children's rooms are not used regularly for the daycare, you cannot use the square footage. Measure the rooms and the total needs to be subtracted from your total home square footage to arrive at the square footage used for the daycare operations.