

Tax Deductions for Daycare

Income

Gross receipts from sales and/or services	Copies of checks and statements from sales, service, commissions, and/or bonuses
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Expenses

Accounting	Receipts for accounting, computer programs, tax preparation, and phone apps
Advertising	Business cards, flyers, social media, etc.
Bank Charges	Fees charged by banks to maintain an account, wire fees, ATM withdraw, or other bank services
Breakfasts, Lunches, and Dinners	Meals and snacks that you feed your day care children. You can take this in one of two ways. The IRS has an amount that determines how much each meal and snack costs or you can deduct the actual cost of the meals.
Children Paid	Money paid to children for helping with such things as delivering flyers and/or product, stuffing envelopes, cleaning office and/or car, modeling. Must keep a detailed log of tasks and how paid.
Cleaning	Supplies, brooms, vacuums, cleaners, laundry supplies, etc.
Dues and Subscriptions	Dues to professional organizations and magazines that have to do with your trade or business
Educational Expense	Classes, seminars and/or books that you take to improve your business
Equipment Rent	Anything you rent on a one time basis: carpet cleaner, toys, and tools.
Gifts	Gifts to clients and associates limited to \$25 per person per year
Home	This deduction is determined by square footage of daycare vs square footage of the entire house. Also the number of hours you are available to provide day care and prep time is considered. Everything you put into your home is partially deductible: decor, bedding, furniture, appliances, dishes, trees, plants, fencing, repairs, maintenance, utilities, and home insurance.
Household Maintenance	Anything you buy to maintain your home: paper supplies, light bulbs, paper towels, containers, etc.
Insurance	Daycare insurance, liability, vehicle, health, property etc.
Legal and Professional Services	Attorneys and accountants
Licenses	Professional license, city license, event permits and state licenses
Meals	Meals with clients, potential clients, and associates. Note: entertainment is no longer deductible

Merchant Fees	Credit card convenience fees to take payments by credit card such as merchant services Square, PayPal, etc.
Mileage	There are two ways to take a vehicle expense. If you choose mileage, you take the mileage used when picking up product, supplies, office supplies, meetings, handing out advertising or business cards, meals with clients, etc. The second option is Vehicle (see Vehicle deduction).
Office Expense other than consumables	Office supplies, forms and receipts books, computer supplies, Internet, postage, printing, phone apps, etc.
Preschool Expenses	Any Expense for field trips you take or educational supplies if you include a preschool
Professional Cleaning	Hiring someone to clean, such as cleaning services, dry cleaning, drapes, carpet cleaning, etc.
Purchases	Any equipment, office furniture, computers, vehicles that cost over \$500
Repairs	Repairs to equipment such as computers, office equipment, non-office equipment, toys, and other daycare equipment, etc.
Security	Cameras, alarm systems, guard dogs, or anything used to protect property
Supplies	Wipes, paper dishes, crayons, diapers, booster seats, baby swing, baby gates, arts, and crafts, party supplies, holiday decor etc.
Taxes	Taxes on property, payroll, sales tax, real estate, regulatory fees, business tax
Telephone	Cell phone, extra phone lines into home for business, fax, Internet, office land line
Toys	Anything the children play with. If only used for daycare take 100%. If shared with own children, take percentage of time used for day care.
Utilities	Electricity, gas, water, sewer, trash, HOA fees for office, shop or any other facility. See Home Office deduction for deductibility of home utilities
Vehicle	There are two ways to take a vehicle expense. If you choose vehicle, you take the expense using the vehicle: fuel, parts, mechanics, oil changes, car washes, insurance, etc. Along with taking the vehicle expense you can also depreciate the vehicle. Note that unless the vehicle is used solely for the business you must track business use vs. personal use. The second option is Mileage (see Mileage deduction).
Wages	Anyone you pay to help care for the children or clean and maintain the facility
Website Expense	Internet hosting and services, website design, and maintenance
Yard Maintenance	Expenses to maintain yard such as mowing and weeding, purchasing plants, and/or maintaining play areas etc.

