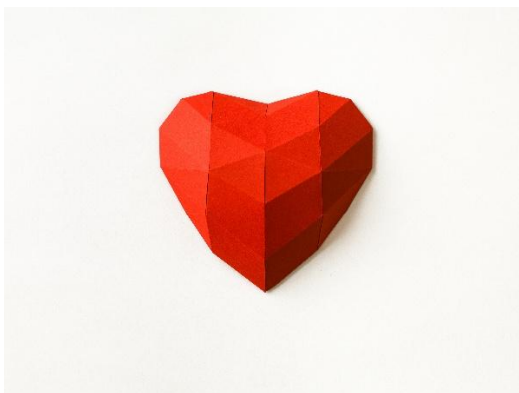


# The Simply Honest Childcare Tax Guide

*"Smart tools. Honest guidance. Real results."*



## 1. Understanding Childcare Taxes

Keep business and personal purchases separate when possible.

Childcare providers have one of the most unique tax situations in the country. You use your home for both personal and business purposes, which means many of your everyday expenses become partially deductible.

### Business vs. Personal Expenses

- **Business expenses** are things you buy *because* you run a childcare program.
- **Shared expenses** are things you use for both your home and your business. These are deducted using the **Time-Space Percentage**.

### What Records to Keep

- Receipts
- Bank statements
- Mileage logs
- Attendance records
- Food program reports
- Hours worked (very important)

### How Long to Keep Records

The IRS recommends **3 years**, but many tax pros suggest **7 years** for extra protection.



## 2. The Time-Space Percentage (Explained Simply)

Software used only for your business (like QuickBooks) is 100% deductible.

This is the heart of childcare taxes.

Your **Time-Space Percentage** determines how much of your shared household expenses you can deduct.

### The Formula

**Time %** = Hours used for childcare ÷ Total hours in the year

**Space %** = Square footage used for childcare ÷ Total square footage of your home

**Time-Space %** = Time % × Space %

### What Counts as “Time Used for Childcare”?

- Open hours
- Prep time
- Cleaning
- Meal prep
- Training
- Parent communication
- Planning activities

### Common Mistakes

- Only counting open hours
- Forgetting cleaning and prep time
- Not measuring all spaces used (kitchen, bathroom, playroom, yard)

### 3. Top Deductible Expenses for Childcare Providers

Even small, shared expenses add up — don't skip them.

Below is a clear list of what you can deduct — many providers miss half of these.

#### A. Home-Related Expenses

*(Deducted using your Time-Space Percentage)*

- Rent or mortgage interest
- Property taxes
- Utilities (electric, gas, water)
- Internet
- Home repairs
- Home insurance
- Depreciation

#### B. Classroom & Learning Materials

- Toys
- Books
- Craft supplies
- Educational materials
- Puzzles
- Sensory bins
- Furniture used for childcare
- Storage bins and shelves

## C. Food & Meal Expenses

You can deduct meals using:

- **CACFP standard meal rates** (most common), or
- **Actual cost** (requires receipts)

Covers:

- Breakfast
- Lunch
- Dinner
- Snacks
- Drinks
- Special dietary needs

## D. Cleaning & Household Supplies

- Cleaning products
- Paper towels
- Toilet paper
- Laundry detergent
- Sanitizing wipes
- Trash bags
- Dish soap

## E. Business Operations

- Software (Brightwheel, QuickBooks, Canva, etc.)
- Advertising
- Website hosting
- Office supplies
- Printer ink
- Phone bill
- Professional fees (tax prep, bookkeeping)

## F. Transportation & Mileage

Mileage is deductible when driving for:

- Field trips
- Supply runs
- Bank deposits
- Training
- Medical visits for enrolled children

## G. Safety & Outdoor Equipment

- Play structures
- Safety gates
- First aid supplies
- Outdoor toys
- Mats
- Helmets
- Fencing repairs



## 4. What Receipts You Need to Keep

Higher TSP = more deductions, so track your hours carefully.

You don't need to keep every single paper receipt — but you *do* need proof.

### Acceptable Proof Includes

- Paper receipts
- Digital receipts
- Bank statements
- Credit card statements
- Invoices
- CACFP reports

### How to Organize Them

- Monthly folders
- A simple binder
- A digital folder on your phone
- A bookkeeping app

### What NOT to Throw Away

- Big purchases
- Repairs
- Furniture
- Appliances
- Outdoor equipment

## 5. Depreciation (Explained Simply)

Use a simple notebook or digital timer to log work hours.

Depreciation lets you deduct the cost of big items over several years.

### Items You May Depreciate

- Furniture
- Appliances
- Playground equipment
- Computers
- Flooring
- Home improvements

Your Time-Space Percentage applies here too.

## 6. Common Mistakes Providers Make

Avoid these to save money and reduce audit risk:

- Not tracking hours
- Forgetting mileage
- Not claiming shared expenses
- Throwing away receipts
- Not separating business and personal accounts
- Not claiming depreciation
- Not keeping attendance records

Track meal counts daily — it's easier than catching up later.

## 7. Year-Round Recordkeeping Tips

Keep a small notebook in your glove box for quick logging.

### Weekly

- Track hours
- Save receipts
- Log mileage

### Monthly

- Reconcile bank statements
- Update income/expense sheet
- File receipts

### Yearly

- Review your Time-Space Percentage
- Update depreciation
- Prepare documents for tax season

## 8. Printable Deduction Checklist

A simple one-page list of:

- Home expenses
- Classroom supplies
- Food
- Cleaning
- Business expenses
- Mileage
- Safety items

Update your records monthly to avoid  
year-end stress.

(Perfect for printing or saving to their phone.)

## 9. What to Bring to Your Tax Preparer

- Income records
- Attendance sheets
- CACFP reports
- Mileage log
- Receipts
- Bank statements
- Hours worked
- Square footage of home
- List of rooms used for childcare

Streaming services used for daycare (Disney+, Netflix) count partially.

## 10. When to Hire a Professional

You may need a tax pro if:

- You're overwhelmed
- You're behind on bookkeeping
- You're unsure about Time-Space
- You bought big items this year
- You want to maximize deductions
- You want audit protection

A good tax professional saves you more than they cost.

Reach out for help if you feel overwhelmed  
— you don't have to do this alone.



# CHILDCARE PROVIDER TAX DEDUCTION GUIDE

## CHECKLIST COLLECTION

**Simple, Honest Tools to Help You Stay Organized All Year Long**

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*“You’re doing better than you think.”*

Created by

Summer’s Simply Honest Books

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- **Fully Deductible Expenses Checklist**
- **Shared Expenses Checklist**
- **Time-Space % Tracking Checklist**
- **Meal Deduction Checklist**
- **Mileage Checklist**
- **Cleaning & Household Supplies Checklist**
- **Recordkeeping Checklist**
- **Missed Deductions Checklist**
- **What to Bring to Your Tax Preparer**
- **Quick Self-Check**

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## FULLY DEDUCTIBLE EXPENSES

These items are 100% deductible when used for childcare.

- Curriculum & learning materials
- Toys used exclusively for childcare
- Art supplies
- Cleaning supplies used only for daycare
- Licensing & registration fees
- CPR/First Aid training
- Business insurance
- Software (QBO, Brightwheel, etc.)
- Advertising & website costs
- Office supplies
- Child-specific safety equipment

*Every receipt tells the story of the care you provide.*

### **Shared Expenses (Time-Space %)**

*These items are partially deductible based on your calculation.*

- Rent or mortgage interest
- Property taxes
- Utilities (electric, gas, water)
- Internet
- Cell phone (business portion)
- Home repairs
- Home maintenance
- Furniture used for daycare
- Cleaning supplies used for both home + daycare
- Household items used during care

*Your home supports your business-and your deductions should reflect that.*



## TIME-SPACE PERCENTAGE TRACKING

Simple records that make your calculation accurate and stress-free.

- Hours open for childcare
- Hours spent cleaning after hours
- Hours spent prepping meals
- Hours spent planning curriculum
- Hours spent communicating with parents
- Hours spent on bookkeeping
- Square footage of daycare-used rooms
- Total square footage of home

*Small moments add up- and they matter.*

## Meal Deduction Checklist

Whether you use CACFP or not, these records keep you covered.

- Breakfast served
- Lunch served
- Dinner served
- AM snack
- PM snack
- Evening snack
- Special dietary meals
- Food purchased specifically for daycare
- CACFP reimbursement records
- Meal count sheets

*Every meal you serve is care-and it's deductible.*



## **MILEAGE YOU CAN DEDUCT**

Track these trips to maximize your deduction.

- Grocery store trips for daycare
- Training or classes
- Bank trips for business deposits
- Supply runs
- Field trips
- Mileage log (date, purpose, miles)
- Odometer reading at start of year
- Odometer reading at end of year

*Your miles matter- they add up quickly.*



## **Cleaning & Household Supplies**

These everyday items support your childcare environment.

- Disinfecting wipes
- Paper towels
- Trash bags
- Laundry detergent
- Dish soap
- Hand soap
- Cleaning sprays
- Vacuum bags/filters
- Mop heads
- Air fresheners
- Child-safe cleaning products

*A clean space is part of the care you provide.*



## **RECORDKEEPING MADE SIMPLE**

A rhythm that keeps your books clean all year.

### **Daily**

- Attendance
- Meals served
- Hours open
- Notes for parents
- Supplies used

### **Weekly**

- Receipts uploaded or filed
- Mileage logged
- Cleaning tasks completed
- Curriculum planning

### **Monthly**

- Bank reconciliation
- Profit & loss review
- CACFP paperwork
- Parent payments verified
- Expense categories updated

*Consistency creates clarity- one small step at a time*



## Commonly Missed Deductions

Providers overlook these more than anything else.

- Cleaning supplies
- Shared utilities
- Internet
- Cell phone
- Depreciation on furniture
- Outdoor play equipment
- Curriculum subscriptions
- Streaming services used for daycare
- Storage bins & organization
- Safety equipment
- Laundry supplies
- Wear-and-tear on home items

*You deserve to claim every deduction you've earned.*



## WHAT TO BRING TO YOUR TAX APPOINTMENT

A simple list to make tax time smooth and stress-free.

- Profit & loss summary
- Mileage log
- Meal count sheets
- CACFP reimbursement totals
- Receipts (digital or paper)
- Bank statements
- Time-Space Percentage calculation
- Square footage measurements
- Depreciation list
- Any IRS letters
- EIN or SSN
- Prior year tax return

*Preparation brings peace – you've got this.*

## QUICK SELF-CHECK BEFORE FILING

A gentle final review to help you feel confident.

- Did I track my hours?
- Did I record all meals served?
- Did I save every receipt?
- Did I log mileage weekly?
- Did I calculate my Time-Space %?
- Did I categorize shared expenses?
- Did I review the missed deductions list?
- Do I feel confident — or do I need help?

*You're doing better than you think.*



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## About Me



*Honest support. Clear guidance. Real-life understanding.*

Hi, I'm **Summer**, the owner of **Summer's Simply Honest Books** — a bookkeeping and tax support service built especially for small businesses and childcare providers who want clarity, confidence, and a judgment-free place to get their finances in order.

I've spent years running an in-home childcare program while managing the financial side of my own business, so I understand exactly how overwhelming the numbers can feel when you're juggling real life, real responsibilities, and real people who depend on you. That lived experience shapes everything I do.

My approach is simple: **honest guidance, clear systems, and support that meets you where you are.** No shame. No jargon. No pressure. Just practical tools and a calm, steady partner who helps you stay organized and feel in control.

Whether you're a childcare provider, a service-based entrepreneur, or a small business owner trying to make sense of your books, I'm here to help you build a business that feels lighter, clearer, and more sustainable — one step at a time.



## THANK YOU FOR READING

*You deserve clarity, confidence, and support in your business.*

Running a childcare program or small business is a lot to carry — and you don't have to do it alone. If this guide helped you understand your deductions, imagine how much easier things can feel with personalized support built around your real life, your real numbers, and your real goals.

I'm here to make bookkeeping and taxes simple, honest, and judgment-free.

## WAYS I CAN SUPPORT YOU

✦ **Monthly Bookkeeping for Childcare Providers** Clean books, organized records, and stress-free tax time.

✦ **Tax Preparation & Filing** Accurate, childcare-specific tax support you can trust.

✦ **One-Time Cleanup or Catch-Up** If you're behind, overwhelmed, or starting fresh — I've got you.

✦ **AI-Assisted Business Tools** Smart, simple systems that save you time and help you stay organized.

## READY TO WORK TOGETHER

**Let's make your business feel lighter.** Click below to book services or request a quote.

[www.summerssimplyhonestbooks.com](http://www.summerssimplyhonestbooks.com)

Email: [summerssimplyhonestbooks@gmail.com](mailto:summerssimplyhonestbooks@gmail.com)

Location: Conneaut, Ohio

Phone: 440-261-0654

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## Closing

You pour your heart into caring for children — and you deserve to keep more of what you earn. With the right knowledge, the right records, and the right support, tax season doesn't have to be stressful.

If you ever need help with bookkeeping, tax prep, or organizing your childcare finances, I'm here to support you with honesty, clarity, and care.

You are doing important work. You are not alone. And you have got this.



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