



# **IRS Special Edition Tax Tip 2016-07: Child Care Providers Learn Tax Rules with IRS Webinar**

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IRS Tax Tips

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**Issue Number: IRS Special Edition Tax Tip 2016-07**

## **Inside This Issue**

## **Child Care Providers Learn Tax Rules with IRS Webinar**

Small Business Week is May 1–7, and the IRS is highlighting some of its most popular educational products, videos and [webinars](#) to help your small business thrive. A good example is the webinar: "[Tax Related Guidance for Child Care Providers](#)." The online resource can help business owners and operators learn how to report common tax items linked with this type of business. Here are some of the topics included in the webinar:

**Child Care Income.** The presentation covers the various income items that you must report. These include items such as:

- Income from contracts specifying charges, terms and responsibilities.
- Diaper charges.
- Late pick-up or early drop-off fees.
- Registration fees.

**Child Care Expenses.** The webinar discusses allowable

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business expenses, including:

- The business must be a for-profit activity.
- The expense must be ordinary and necessary.
- Only the business use portion of an expense may be deductible if the expense has elements of both personal and business use.
- You must make a reasonable allocation to determine the business use.
- Amounts you spend for personal or family reasons are not deductible.

**Special Rules.** The tax law contains specific rules in areas where business expenses are difficult to separate from personal expenses. For example, the webinar covers the special method you would use to compute the business use percentage of a home available only for day care service providers.

**Other Expenses.** Other expenses common to child care businesses are discussed, including:

- Food consumed by your daycare recipients.
- Supplies such as games, books, child-proofing devices and toys.

Other topics include the USDA Food Reimbursement Program, depreciation rules and much more. Check out this and other IRS webinars and videos to celebrate Small business Week 2016 at <http://www.irsvideos.gov/>.

Follow the IRS on Twitter. The IRS has three key accounts: [@IRSnews](#), [@IRStaxpros](#) and [@IRSenEspanol](#). For all the IRS Small Business Week information, keep an eye on these IRS Twitter accounts and the key hashtags: #IRSsbw16 and #DreamSmallBiz.

## Additional IRS Resources:

- [Child Care Tax Center](#)
- [Small Business and Self-Employed Tax Center](#)
- [Online Learning and Educational Products](#)
- [e-News for Small Businesses](#)
- [Form 8829](#), Expenses for Business Use of Your Home
- [Publication 535](#), Business Expenses
- [Publication 583](#), Starting a Business and Keeping Records
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