



Family Child Care Home Provider Tax Tips

IRS Schedule C: Understanding Business Deductions Using Schedule C for Sole Proprietors

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Child care is a business. For Family Child Care providers, there are tax benefits to claim related to operating a business out of your home.

When an expense is related to your business, report it using [IRS Form Schedule C](#). You may also carry over “shared expenses” from [IRS Form 8829](#), which is used to calculate expenses partly used for business purposes and partly used for personal purposes (see the one page explainer for IRS Form 8829).

IRS Schedule C in Brief. The IRS Schedule C Form is related to the profit and loss of your business.

- **Under Part I of Schedule C is where you report your income** (payments from families, any government payments such as child care subsidies paid to you for the care of low income children, or other payments from other sources such as any grants you may receive from a state agency).
- **Under Part II of Schedule C is where you list your business expenses.** Some of these may be carried over from IRS Form 8829 (such as rent or mortgage interest), which reflects expenses shared between business and personal purposes. Other expenses can be listed here which are 100% business expenses – for example, PPE and cleaning supplies used for your business during COVID-19 (gloves, masks, disinfectants, thermometers, sanitizers, room dividers, deep cleaning services, air filters, etc.).

Common Deductions Reported on IRS Form Schedule C		Expenses Need an “Adequate Record”
Playroom expenses (toys, books, etc.)	Re-opening Expenses (COVID)	• Receipt
Child furniture, cubbies, organizers	Laptop, printer, paper	• Cancelled check
Bathroom towels, soap, toilet paper	Meals & snacks (special rules)	• Credit/debit card statement
Garage freezer	Mileage (special rules)	• Written record
Curriculum & art supplies	Parking, tolls, business % of auto loan	• Photograph