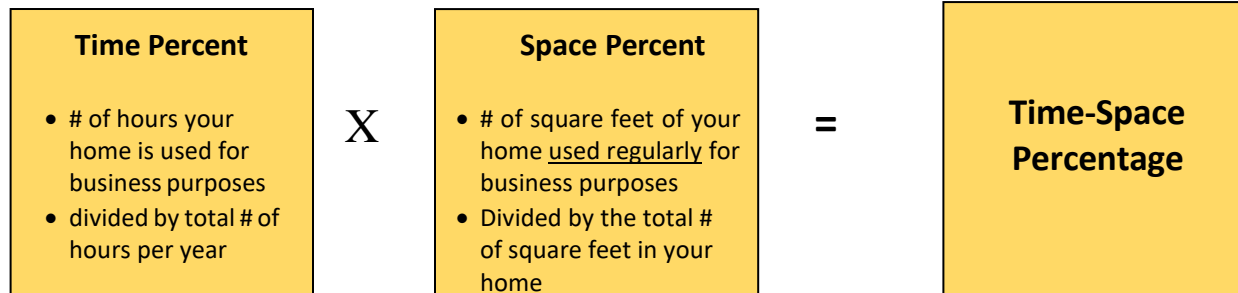


Family Child Care Home Provider Tax Tips

Understanding the Time-Space Percentage Used to Claim Business Expenses on Your Tax Forms February 2025

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. Understanding the “Time-Space percentage” will enable family child care providers to determine the business portion of expenses that are used for both business and personal purposes (sometimes referred to as “shared expenses”). This means tax savings for you!

Time-Space formula:



Use your **Time-Space Percentage on shared business/personal expenses such as:** utilities (gas, oil, electric, garbage, water, sewer, cable television), property tax, mortgage interest, house insurance, house repairs, house depreciation, rent, fences, computers, DVD player, television, toys, cleaning supplies and more. Fill out [IRS Form 8829](#) related to Expenses for the Business Use of Your Home.

Time Percent Example

- 11 hours/day caring for children per week = 55 hours per week x 52 weeks = 2,860 hours per year
- 10 hours per week cleaning, activity preparation, etc. x 52 weeks = 520 hours per year
- **Total: 3,380 hours per year divided by 8,784 hours in 2024 = 38.4% Time**
- **Note.** There were 8,784 hours in 2024 because it was a leap year – adding an additional day. Most years will divide by 8,760 hours in a year (non-leap year annual hours).

Space Percent Example

- You can count a room as regularly used for your business if you use it 2 or more times a week: kitchen, bedroom for naps, bathrooms, living room, play room, laundry room, etc.
- **1,900 square feet used regularly divided by 2,000 total square feet of your home = 95% Space**

Time-Space Percentage

- **38.4% Time x 95% Space = 36.5% Time-Space Percentage**

Example

- \$50 arts and craft supplies used 100% for business = \$50 business deduction
- \$100 toy used for both business and personal purposes x 37% Time-Space = \$37 business deduction
- \$60 sweater for yourself = zero business deduction. Personal expenses are not deductible

Time-Space Calculation Tip. Download and use our excel worksheet to help make calculating the time-space percentage easier.