

Family Child Care Home Provider Tax Tips

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

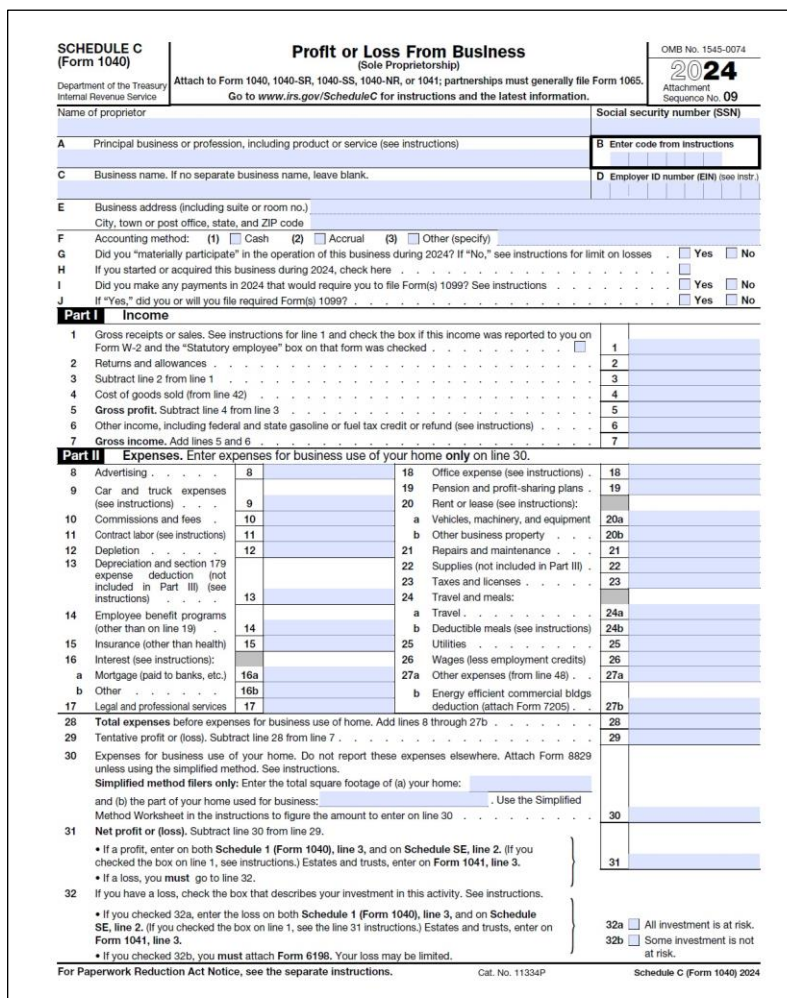
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Child care is a business. For Family Child Care providers, there are tax benefits to claim related to operating a business out of your home.

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 (your income and your expenses).

- **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.**



SCHEDULE C (Form 1040) Profit or Loss From Business
(Sole Proprietorship)
OMB No. 1545-0074
2024
Attachment Sequence No. 09

Department of the Treasury
Internal Revenue Service
Go to www.irs.gov/ScheduleC for instructions and the latest information.

Name of proprietor: _____ Social security number (SSN): _____

A Principal business or profession, including product or service (see instructions) _____ B Enter code from instructions _____

C Business name, if no separate business name, leave blank. _____ D Employer ID number (EIN) (see instr.) _____

E Business address (including suite or room no.) _____
City, town or post office, state, and ZIP code _____

F Accounting method: (1) ☐ Cash (2) ☐ Accrual (3) ☐ Other (specify) _____

G Did you “materially participate” in the operation of this business during 2024? If “No,” see instructions for limit on losses _____ Yes ☐ No ☐

H If you started or acquired this business during 2024, check here _____ Yes ☐ No ☐

I Did you make any payments in 2024 that would require you to file Form(s) 1099? See instructions _____ Yes ☐ No ☐

J If “Yes,” did you or will you file required Form(s) 1099? _____ Yes ☐ No ☐

Part I Income

1 Gross receipts or sales. See instructions for line 1 and check the box if this income was reported to you on Form W-2 and the “Statutory employee” box on that form was checked _____ 1

2 Returns and allowances _____ 2

3 Subtract line 2 from line 1 _____ 3

4 Cost of goods sold (from line 42) _____ 4

5 Gross profit. Subtract line 4 from line 3 _____ 5

6 Other income, including federal and state gasoline or fuel tax credit or refund (see instructions) _____ 6

7 Gross income. Add lines 5 and 6 _____ 7

Part II Expenses. Enter expenses for business use of your home only on line 30.

8 Advertising _____ 8

9 Car and truck expenses (see instructions) _____ 9

10 Commissions and fees _____ 10

11 Contract labor (see instructions) _____ 11

12 Depreciation _____ 12

13 Depreciation and section 179 expense deduction (not included in Part III) (see instructions) _____ 13

14 Employee benefit programs (other than on line 19) _____ 14

15 Insurance (other than health) _____ 15

16 Interest (see instructions): _____ 16

a Mortgage (paid to banks, etc.) _____ 16a

b Other _____ 16b

17 Legal and professional services _____ 17

18 Office expense (see instructions) _____ 18

19 Pension and profit-sharing plans _____ 19

20 Rent or lease (see instructions): _____ 20

a Vehicles, machinery, and equipment _____ 20a

b Other business property _____ 20b

21 Repairs and maintenance _____ 21

22 Supplies (not included in Part III) _____ 22

23 Taxes and licenses _____ 23

24 Travel and meals: _____ 24

a Travel _____ 24a

b Deductible meals (see instructions) _____ 24b

25 Utilities _____ 25

26 Wages (less employment credits) _____ 26

27a Other expenses (from line 48) _____ 27a

b Energy efficient commercial bldgs deduction (attach Form 7205) _____ 27b

28 Total expenses before expenses for business use of home. Add lines 8 through 27b _____ 28

29 Tentative profit or (loss). Subtract line 28 from line 7 _____ 29

30 Expenses for business use of your home. Do not report these expenses elsewhere. Attach Form 8829 unless using the simplified method. See instructions. _____ 30

Simplified method filers only: Enter the total square footage of (a) your home: _____ and (b) the part of your home used for business: _____. Use the Simplified Method Worksheet in the instructions to figure the amount to enter on line 30 _____

31 Net profit or (loss). Subtract line 30 from line 29. _____ 31

• If a profit, enter on both Schedule 1 (Form 1040), line 3, and on Schedule SE, line 2. (If you checked the box on line 1, see instructions.) Estates and trusts, enter on Form 1041, line 3.

• If a loss, you must go to line 32.

32 If you have a loss, check the box that describes your investment in this activity. See instructions. _____

• If you checked 32a, enter the loss on both Schedule 1 (Form 1040), line 3, and on Schedule SE, line 2. (If you checked the box on line 1, see the line 31 instructions.) Estates and trusts, enter on Form 1041, line 3.

• If you checked 32b, you must attach Form 6198. Your loss may be limited.

32a ☐ All investment is at risk. _____

32b ☐ Some investment is not at risk. _____

For Paperwork Reduction Act Notice, see the separate instructions. Cat. No. 11334P Schedule C (Form 1040) 2024

Some of these expenses 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 to reduce the likelihood of infectious diseases, playroom expenses, garage freezer if solely used for your child care business, curriculum and art supplies, etc.

Common Deductions Reported on IRS Form Schedule C

Playroom expenses (toys, books, etc.)
Child furniture, cubbies, organizers
Bathroom towels, soap, toilet paper
Garage freezer
Curriculum & art supplies

Re-opening Expenses (COVID)
Laptop, printer, paper
Meals & snacks (special rules) Mileage (special rules)
Parking, tolls, business % of auto loan

Expenses Need an “Adequate Record”

- Receipt
- Cancelled check
- Credit/debit card statement
- Written record
- Photograph

Tom Copeland: <http://tomcopelandblog.com/checklist-for-irs-schedule-c-profit-of-loss-from-business>