



Tips for Success: Taxes and Record Keeping

Create a Basic Inventory of Each Room

- Go through each room of your program and give every item a fair market value
- Pictures of your items can also be helpful
- You will be able to depreciate a percentage of all the items in your program used for child care

Obtain an Employer Identification Number (EIN)

- <http://www.irs.gov>
- Applying for an Employer Identification Number (EIN) is a free service offered by the Internal Revenue Service

Register your Business

- <http://www.nd.gov/businessreg/>
- The name of a business is an important asset since it is the identity of the business
- A business name is only protected when it is approved and filed with the Secretary of State

Organize

- Keep all receipts (for mileage log, food expense, shared expense, 100% deductible)
- Color code the shared expenses and the 100% deductible expenses
- Try to organize receipts by month or category
- Designate file and storage space for record keeping
- Set aside time each month to work on maintaining business records

Food Program

- Reimbursements received from the Food Program for children in your care are taxable income
- Reimbursements received from the Food Program for your own children in an in-home program are not taxable income
- You are always better off financially by being on the Food Program

Claiming Vehicle Expenses

- You can claim a car trip as a business expense if the primary purpose of the trip is business
- Keep adequate records
- Mileage method- choose standard or actual