



Family Child Care Home Provider Tax Tips



IRS Form 8829: Understanding Expense Deductions for the Business Use of Your Home January 2021

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 shared (partly used for business purposes and partly used for personal purposes), use [IRS Form 8829](#). When an expense is related to your business only, use [IRS Form Schedule C](#) (see the one page explainer for Schedule C).

IRS Form 8829 in Brief. The IRS Form 8829 is related to the business use of your home. Expenses on this form are shared – partly business and partly personal (e.g., The rent or mortgage interest reflects a monthly payment. Because you also live in your home, these payments are not 100% business related. They are partly business and partly personal).

There is a “Time-Space” formula that calculates the business use of your home. The Time Percentage is the number of hours your home is used for business purposes divided by the total number of hours per year. The Space Percentage is the # of square feet of your home used regularly for business purposes divided by the total number of square feet in your home. Both the time and the space percentages are multiplied together for an overall time-space percentage. The overall time-space percentage is then calculated against your shared expenses such as your rent. For a more detailed explanation of the Time-Space calculation, see our one page brief.

Common “Shared” Expenses Reported on IRS Form 8829		Expenses Need an “Adequate Record”
Home or Rental Insurance	House Repairs	<ul style="list-style-type: none"> Receipt Cancelled check Credit/debit card statement Written record
Rent	Furniture	
Mortgage Interest	Appliances	
Utilities (gas, oil, electric, sewer, water, etc.)	Swing set	
Property Taxes	Lawnmower	
Tom Copeland: http://tomcopelandblog.com/checklist-for-form-8829-expenses-for-business-use-of-your-home		