

Recording All the Hours
Providers Work to
Maximize Their Tax
Deductions

Registro de todas las horas
que los proveedores
trabajan para maximizar sus
deducciones fiscales

Presented by Tom
Copeland, JD
For Camden and
Monmouth
Family Child
Care Alliance
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Presentado por
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Para Camden and
Monmouth Family
Child Care Alliance

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2021



Welcome!

¡Bienvenida!

- * This class will help you –
 - * Identify all the hours you work in your home
 - * Calculate an accurate Time-Space %

- * Esta clase te ayudará:
 - * Identifica todas las horas que trabajas en tu casa
 - * Calcule un% de tiempo-espacio exacto

Instructor



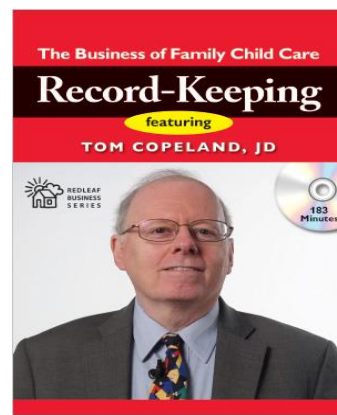
Instructor

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Resources

- Family Child Care Record Keeping Guide
- DVD – Family Child Care Record Keeping
- www.redleafpress.org



Recursos

- Guía de mantenimiento de registros de cuidado infantil familiar
- DVD - Mantenimiento de registros de cuidado infantil familiar
- www.redleafpress.org

Disclaimer

* “I am not rendering legal, tax, or other professional advice. If you require this type of assistance, please consult a professional to represent you.”

Descargo de responsabilidad

* “No estoy brindando asesoría legal, fiscal o de otro tipo. Si necesita este tipo de asistencia, consulte a un profesional para que lo represente ”.

**The Time-Space
Percentage**

**El porcentaje
espacio-
temporal**

How Much Can You Deduct?

- * If an item is used exclusively for personal use:
 - * You can't deduct it
- * If an item is used exclusively for business use:
 - * You can deduct 100% of the cost
- * If an item is used for both business and personal use:
 - * Apply your Time-Space Percentage

¿Cuánto se puede deducir?

- * Si un artículo se utiliza exclusivamente para uso personal:
 - * No puedes deducirlo
- * Si un artículo se utiliza exclusivamente para uso comercial:
 - * Puedes deducir el 100% del costo
- * Si un artículo se utiliza tanto para uso comercial como personal:
 - * Aplica tu porcentaje de espacio-tiempo

What is the Time-Space Percentage?

- * It is the formula used to determine how much of your shared (business and personal) expenses you can deduct
 - * Property tax, mortgage interest, rent, utilities, house insurance, house repairs, house depreciation, furniture, appliances, supplies, household items, etc.
- * The higher your Time-Space%, the higher your deductions and the lower your taxes!

¿Qué es el porcentaje espacio-temporal?

- * Es la fórmula utilizada para determinar la cantidad de sus gastos compartidos (comerciales y personales) que puede deducir.
 - * Impuesto sobre la propiedad, intereses hipotecarios, alquiler, servicios públicos, seguro de la casa, reparaciones de la casa, depreciación de la casa, muebles, electrodomésticos, suministros, artículos para el hogar, etc.
- * ¡Cuanto mayor sea su% de tiempo-espacio, mayores serán sus deducciones y menores sus impuestos!

Time-Space% Formula

- * Time % = number of hours worked in the home divided by total number of hours in the year
- * Space% = number of square feet used on regular basis divided by total number of square feet in home
- * $3,500 \text{ hours} / 8,760 \text{ hours} = 40\%$
Time
- * $1900 \text{ square feet} / 2,000 \text{ square feet} = 95\%$ Space
- * $40\% \text{ Time} \times 95\% \text{ Space} = 38\%$
Time-Space%

Fórmula de% de tiempo-espacio

- * Tiempo% = número de horas trabajadas en el hogar dividido por el número total de horas en el año
- * % De espacio = cantidad de pies cuadrados usados de manera regular dividida por la cantidad total de pies cuadrados en el hogar
- * $3500 \text{ horas} / 8760 \text{ horas} = 40\%$
del tiempo
- * $1900 \text{ pies cuadrados} / 2000 \text{ pies cuadrados} = 95\%$ de espacio
- * $40\% \text{ tiempo} \times 95\% \text{ espacio} = 38\%$
tiempo-espacio%

Space Percent

- * Space = The number of square feet you use on a regular basis in your home
- * A room is regularly used for your business if you use it 2-3 times per week for business purposes
- * Children do not have to be in a room for it to be considered regularly used
- * Count your basement and garage as part of the total square footage of your home

Porcentaje de espacio

- * Espacio = La cantidad de pies cuadrados que usa regularmente en su hogar
- * Una habitación se usa regularmente para su negocio si la usa 2-3 veces por semana con fines comerciales
- * Los niños no tienen que estar en una habitación para que se considere que se usa con regularidad.
- * Cuento su sótano y garaje como parte de los pies cuadrados totales de su hogar

Time Percent

- * Time - The number of hours you use your home for your business
 - * Hours children are present (from the moment the first child arrives until the last child leaves)
 - * Hours children are not present, but you are conducting a business activity

Porcentaje de tiempo

- * Tiempo: la cantidad de horas que usa su hogar para su negocio
 - * Horas de presencia de los niños (desde el momento en que llega el primer niño hasta que se va el último)
 - * Horas que los niños no están presentes, pero usted está realizando una actividad comercial.

Hours When Children Are Present

- * 6:00 am – 5:00pm = 11 hours
- * List hours in contract, keep daily attendance records
- * Do not need to track every minute
- * Sign in/out sheet is not required by the IRS

Horas en que los niños están presentes

- * 6:00 am - 5:00 pm = 11 horas
- * Enumere las horas en el contrato, mantenga registros de asistencia diaria
- * No es necesario realizar un seguimiento de cada minuto
- * El IRS no requiere la hoja de registro de entrada / salida

Additional Time at Pick-Up

- * Parent pick-up time is 5:30 pm
- * One parent is regularly late and does not leave provider's home until 6:00 pm
- * Provider should track when parent walks out, not signs out
- * An extra half hour/day, 5 days/week = 1.5% of the year!
 - * This is worth tracking:
 $\$20,000 \times 1.5\% = \300

Tiempo adicional en la recogida

- * La hora de recogida de los padres es a las 5:30 pm
- * Uno de los padres llega tarde regularmente y no sale de la casa del proveedor hasta las 6:00 p. M.
- * El proveedor debe realizar un seguimiento de cuándo los padres se retiran, no cuando se retiran
- * ¡Media hora extra / día, 5 días / semana = 1,5% del año!
- * Vale la pena rastrear esto: $\$20,000 \times 1.5\% = \300

Hours When Children Are Not Present

- * Cleaning (include all COVID related hours)
- * Meal/activity preparation/planning
- * Interviewing prospective parents
- * Talking to parents on the phone
- * Keeping business records
- * Filling out Food Program paperwork
- * Spending time on the Internet
- * Time spent listening to me now!

Horas cuando los niños no están presentes

- * Limpieza (incluya todas las horas relacionadas con COVID)
- * Preparación / planificación de comidas / actividades
- * Entrevistar a los futuros padres
- * Hablar con los padres por teléfono
- * Mantener registros comerciales
- * Completar la documentación del Programa de alimentos
- * Pasar tiempo en Internet
- * ¡Tiempo dedicado a escucharme ahora!

Time Percent Rules

- * Can not count hours away from home
 - * Trainings, shopping, trips to library, etc.
- * Can not count time twice
 - * Provider cleaning while children sleeping
- * Provider need not do the work to count the time
 - * Provider spouse or own child cleans on weekends

Reglas de porcentaje de tiempo

- * No se pueden contar las horas fuera de casa
 - * Capacitaciones, compras, viajes a la biblioteca, etc.
- * No puedo contar el tiempo dos veces
 - * Proveedor de limpieza mientras los niños duermen
- * El proveedor no necesita hacer el trabajo para contar el tiempo
 - * El cónyuge del proveedor o el propio hijo limpian los fines de semana

Tracking Hours

- * Keep careful records for at least 2 months each year of the hours worked when children were not present
 - * Note the time and day and activity on a calendar/KidKare
- * Use the average of these two months for the rest of the year

Horas de seguimiento

- * Mantenga registros cuidadosos durante al menos 2 meses cada año de las horas trabajadas cuando los niños no estaban presentes
- * Anote la hora, el día y la actividad en un calendario / KidKare
- * Utilice el promedio de estos dos meses para el resto del año

Example

- * For re-occurring work (cleaning) describe it once in detail
- * "6:30-7am cleaning: sweep entry way and front steps, vacuum living/dining/playrooms, mop kitchen floor, clean bathroom, do load laundry, do load dishes, bring out toys"

Ejemplo

- * Para trabajos repetidos (limpieza), descríbalos una vez en detalle
- * "Limpieza de 6: 30-7am: barrer la entrada y los escalones de entrada, aspirar la sala / comedor / salas de juegos, trapear el piso de la cocina, limpiar el baño, lavar la ropa, cargar los platos, sacar juguetes"

Further Example

- * 40 hours in November + 44 hours in December = 84 hours divided by 2 = 42 hours average
- * If rest of year was similar, use 42 hours for 12 months of the year = 504 hours in a year divided by 8,760 hours in the year = 5.8% Time

Ejemplo adicional

- * 40 horas en noviembre + 44 horas en diciembre = 84 horas divididas por 2 = 42 horas promedio
- * Si el resto del año fue similar, use 42 horas para los 12 meses del año = 504 horas en un año divididas por 8,760 horas en el año = 5.8% Tiempo

The Impact of Reduced Hours in 2021

- * If you have been or are closed, or have reduced the number of hours you care for children, this will lower your Time Percent
- * This will reduce your business deductions and increase your taxes

El impacto de la reducción de horas en 2021

- * Si ha estado o está cerrado, o ha reducido la cantidad de horas que cuida a los niños, esto reducirá su Porcentaje de tiempo.
- * Esto reducirá las deducciones de su negocio y aumentará sus impuestos.

How to Offset Reduced Hours

- * Track all hours spent on activities related to COVID
 - * Cleaning, distance learning, Zoom meetings, etc.
 - * Reconstruct hours from earlier in 2021

Cómo compensar las horas reducidas

- * Realice un seguimiento de todas las horas dedicadas a actividades relacionadas con COVID
 - * Limpieza, aprendizaje a distancia, reuniones Zoom, etc.
 - * Reconstruir horas de principios de 2021

“Typical” Time-Space Percentage

- * Typical provider cares for children 11 hours a day = 33% of the year
- * Typical provider works an additional 13 hours a week when children not present = 8% of the year
- * Most providers’ Time-Space % is between 35-45%
- * No upper limit on what your Time-Space % can be!
- * Provider works 24/7 = 93% Time-Space % and we win in Tax Court!

Porcentaje de espacio-tiempo "típico"

- * El proveedor típico cuida a los niños 11 horas al día = 33% del año
- * El proveedor típico trabaja 13 horas adicionales a la semana cuando los niños no están presentes = 8% del año
- * El porcentaje de espacio-tiempo de la mayoría de los proveedores está entre el 35 y el 45%
- * ¡No hay límite superior en lo que puede ser su% de espacio-tiempo!
- * El proveedor trabaja 24 horas al día, 7 días a la semana = 93% tiempo-espacio% y nosotros ganamos en el Tribunal Fiscal.

Summary

- * Top three record keeping tips:
 - * Save receipts for everything associated with your home
 - * Track all the meals and snacks you serve
 - * Record all the hours you work

Resumen

- * Los tres consejos principales para el mantenimiento de registros:
 - * Guarde los recibos de todo lo relacionado con su hogar
 - * Realice un seguimiento de todas las comidas y bocadillos que sirve
 - * Registra todas las horas que trabajas

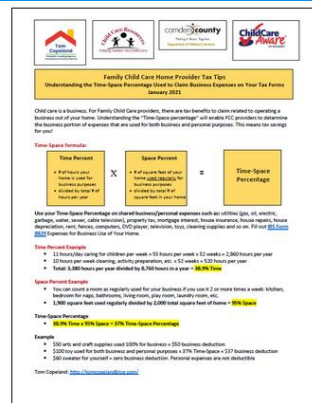
The Importance of Time

- * Tracking all the hours you work in your home is the single most important thing you can do to reduce your taxes!

La importancia del tiempo

- * ¡El seguimiento de todas las horas que trabaja en su hogar es lo más importante que puede hacer para reducir sus impuestos!

Additional Resources



Family Child Care Home Provider Tax Tip
8829 Schedule C: Understanding the Time-Space Percentage Used to Claim Business Expenses on Your Tax Forms
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. Understanding the "Time-Space percentage" will enable FIC providers to determine the maximum portion of expenses that are used for both business and personal purposes. This means the savings for you!

Time-Space Formula

Time Period	×	Space Percent	=	Time-Space Percentage
• # of hours spent home to use for business expenses		• # of hours spent at home (24 hours x # of days per week)		

Use your Time-Space Percentage on shared business/personal expenses such as utilities, gas, oil, electric, telephone, cable, internet, janitorial services, postage, travel, meals, groceries, books, repairs, house decorations, etc. (Note: telephone, DVD player, television, toys, cleaning supplies and so on are **not** eligible expenses for business use of your home.)

Time-Space Example

- 12 hours/week using for childcare per week = 12 hours per week × 24 weeks = 2,880 hours per year
- 2,880 hours per week divided by 24 hours per week = 120 weeks = 120 hours per year
- 120 hours per year divided by 160 hours in a year = **75% Time-Space**

Common Expenses

- You can deduct a room at regularly used for your business if you use it for more than a week (minimum for child, adolescent, long-term care, nursing center, etc.)
- 1,000 square feet used regularly divided by 2,000 total square feet of home = **50% Allowable**

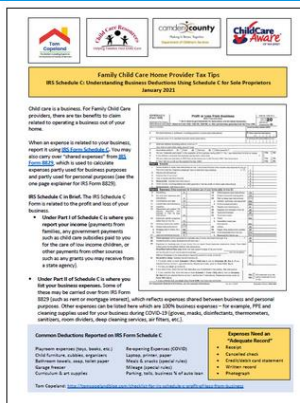
Time-Space Percentage

- 50% Time-Space × 75% Time-Space Percentage

Example

- 50% and 75% together used 100% for business = 50% business deduction
- 1,000 square feet used for both business and personal purposes = 75% Time-Space = 57 business deduction
- 500 square feet personal use business deduction. Personal expenses are not deductible.

Tom Copeland: www.tomcopeland.com



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January 2021

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When an expense is related to your business, report it using 8829 Schedule C. The time-space percentage will determine what portion of the expense you can deduct for business purposes and what portion you can deduct for personal purposes. Use the time-space percentage for 8829 Schedule C.

8829 Schedule C is Best. The 8829 Schedule C form is used to report and deduct your business expenses. It is a separate form that you must file with your tax return. It is not a part of Schedule C where you report your income payments from clients, any government payments, and so on. It is a separate form that you must file with your tax return. It is not a part of Schedule C where you report your income payments from clients, any government payments, and so on.

Under Part C of Schedule C where you report your income payments from clients, any government payments, and so on. It is a separate form that you must file with your tax return. It is not a part of Schedule C where you report your income payments from clients, any government payments, and so on.

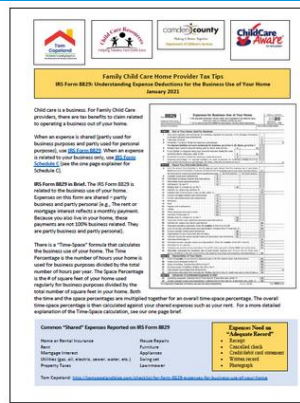
Common Deductions Reported on 8829 Form Schedule C

- Depreciation
- Utilities
- Gas
- Oil
- Electric
- Telephone
- Cable
- Internet
- Janitorial
- Postage
- Travel
- Meals
- Groceries
- Books
- Repairs
- House decorations
- Telephone
- DVD player
- Television
- Toys
- Cleaning supplies
- and so on

Expenses Used as "Business Expenses"

- Depreciation
- Utilities
- Gas
- Oil
- Electric
- Telephone
- Cable
- Internet
- Janitorial
- Postage
- Travel
- Meals
- Groceries
- Books
- Repairs
- House decorations
- Telephone
- DVD player
- Television
- Toys
- Cleaning supplies
- and so on

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Family Child Care Home Provider Tax Tip
8829 Form 8829: Understanding Expense Deductions for the Business Use of Your Home
January 2021

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When an expense is shared (partly used for business purposes and partly used for personal purposes), use 8829 Form 8829. What an expense is used for determines how much of the expense you can deduct for business purposes. Use the time-space percentage for 8829 Schedule C. Use the time-space percentage for 8829 Schedule C.

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Common "Shared" Expenses Reported on 8829 Form 8829

- Depreciation
- Utilities
- Gas
- Oil
- Electric
- Telephone
- Cable
- Internet
- Janitorial
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Expenses Used as "Business Expenses"

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- and so on

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Recursos adicionales

- * **Understanding the Time-Space Percentage Used to Claim Business Expenses on Your Tax Forms** (A one page [explainer](#))
- * **IRS Form 8829: Understanding Expense Deductions for the Business Use of Your Home** (A one page [explainer](#))
- * **IRS Schedule C: Understanding Business Deductions Using Schedule C for Sole Proprietors** (Profit or Loss Business IRS form, a one page [explainer](#))

- * **Comprensión del porcentaje de espacio-tiempo** utilizado para reclamar gastos comerciales en sus formularios de impuestos (una [explicación](#) de una página)
- * **Formulario 8829 del IRS:** Comprensión de las deducciones de gastos para el uso comercial de su hogar (una [explicación](#) de una página)
- * **Anexo C del IRS:** Comprensión de las deducciones comerciales utilizando el Anexo C para propietarios únicos (formulario del IRS comercial de pérdidas o ganancias, una [explicación](#) de una página)

Contact Tom for Help

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Good Luck!



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¡Buena suerte!