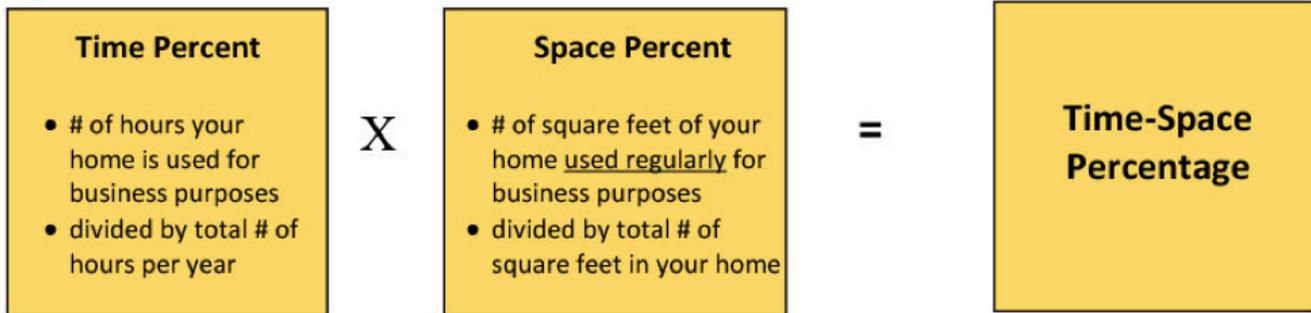




**Family Child Care Home Provider Tax Tips**  
**Understanding the Time-Space Percentage Used to Claim Business Expenses on Your Tax Forms**  
**January 2021**

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 FCC providers to determine the business portion of expenses that are used for both business and personal purposes. 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 so on. Fill out [IRS Form 8829](#) Expenses for 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 8,760 hours in a year = 38.9% Time**

**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 home = 95% Space**

**Time-Space Percentage**

- **38.9% Time x 95% Space = 37% 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