



TAXES: DEDUCTING MEALS AND SNACKS

A great benefit for Family Day Care Homes!

Reimbursement received from the Child and Adult Care Food Program (CACFP) is considered taxable income. However, **family day care home providers can deduct full food expenses** – even meals/snacks served that you haven't been reimbursed for through the CACFP.

HOW TO REPORT REIMBURSEMENT AND FOOD EXPENSES

Family day care home providers should report taxable Food Program reimbursements and food expenses on IRS Form 1040 Schedule C. Report all reimbursements under the income section of Part I of the Schedule C and then report food expenses in Part V of Schedule C.

HOW TO CALCULATE FOOD EXPENSES

Using the Standard Meal Allowance Rule, you can report food expenses without saving any receipts. To use this method, add up all the breakfasts, lunches, suppers, and snacks you serve to the children in your care and multiply by Tier I rates.

Both Tier I and Tier II providers will use the Tier I rates for the tax deduction calculations.

Use the Tier I rate as of January of each year. For instance, when doing taxes for 2023, you will use the 2022-2023 rates released in July of 2022.

If your expenses exceed that calculated by the Standard Meal Allowance Rule, use meal receipts (for food and supplies) to calculate the higher deductible amount.

NUMBER OF MEALS DEDUCTIBLE

If you use the standard meal allowance rate to claim food expenses, you can deduct up to one breakfast, one lunch, one supper and three snacks per day per child, if you serve them. This means that you can claim meals and snacks you serve even if they are not reimbursed through the CACFP. You can also claim meals and snacks eaten by your staff. However, child care owners are not able to claim meals and snacks that they eat.

WHAT RECORDS ARE NEEDED

Keep a record of the name of each child, dates and hours of attendance in care, and the number of breakfasts, lunches, suppers, and snacks you served. If you're on the CACFP, all of this information is found on your monthly meal claims.

If you served non-reimbursed meals, be sure to keep a daily record of all meals and snacks served. You do not need to keep a menu.

