

# Track Food & Vehicle Expenses

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**Note:** Consult with your accountant or tax preparer on how to properly track and deduct your expenses.

## Food Expenses

Below is a brief description of the two basic ways food expenses are recorded for income tax purposes. Food expenses are included on Schedule C reports as a standard allowance.

- 1. Standard Meal Allowance:** The IRS has developed a standard food deduction for individuals operating a childcare business. This based on Tier 1 rates in effect at the beginning of the calendar year (January 1 - December 31). You can apply this meal rate to all meals served to children. There are two reports in KidKare that calculate the amount of this expenses deduction:
  - **Provider Tax Report:** This report is available to all providers on the food program. It also includes food program reimbursement amounts.
  - **Standard Meal Allowance Report:** This report is available to all providers with an Accounting subscription.
- 2. Actual Food Expense:** With this method, you keep track of the actual amount of money spent on food. As there are multiple ways to determine business food expenses when using this method, you should consult your tax preparer to determine the best way to deduct food costs. A few examples are listed below.
  - If you can completely separate business food expenses from personal food expenses, use the 100% Business food expense listed on the report.
  - If you have Shared food expenses, determine what percentage of these expenses are business. Then, add them to the 100% Business food expenses listed.
  - Determine your own average cost per meal per child by pricing out several Breakfast, Lunch, and Snack sample menus. Multiply your average cost per meal by the total number of meals and snacks served.

**Note:** The total expenses entered in KidKare for actual food expenses is reported on the Actual Food Expenses report.

## Vehicle Expense

There are two methods for deducting vehicle expenses for tax purposes. Vehicle expenses are included on Schedule C reports as a standard allowance.

- 1. Standard Mileage Method:** With this method, you would add all business miles and multiply them by the IRS standard mileage rate for each year. The **KidKare Vehicle Mileage** report provides a total for all business miles you've recorded with KidKare.

2. **Actual Vehicle Expense:** With this method, you would track all car expenses. The Vehicle Deduction Comparison report can help you decide which deduction to use. Share this report with your tax preparer. However, note that you must enter the following information to KidKare for this report to have usable data:
- Business mileage recorded under the **Mileage** tab on the Expenses page.
  - **Starting** and **Ending** mileage for the year recorded under the **Vehicles** tab on the Expenses page.
  - Actual vehicle expenses recorded under the **Expenses** tab on the Expenses page.