



Benjamin Dyck*

CHARTERED PROFESSIONAL ACCOUNTANT

* denotes a professional corporation

Day Home Checklist

A day home is a daycare that is run in your home. Detailed information can be found in booklet P134 (Using Your Home for Daycare) from the Canada Revenue Agency.

You can deduct any **reasonable** expenses you incur to earn your daycare income on your income tax return.

Below is a list of common expenses

Advertising	\$ _____	Office	\$ _____
Memberships	_____	Supplies	_____
Maintenance	_____	Professional Fees	_____
Travel	_____	Private Health Plan	_____
Admin Fees	_____	Wages	_____
Cellphone	_____	Field Trips	_____
Training	_____	Liability Insurance	_____
Groceries	_____	Other	_____

Groceries that are for the children in your daycare are deductible. Groceries purchased for you and your children are not deductible.

Any capital asset purchases during the tax year (i.e. computers, equipment, etc.)? Yes / No

If yes please include a copy of receipts.

Any automobile use for the above described business activities during the tax year? Yes / No

If yes please request our automobile expense checklist.

You can deduct expenses for the business use of a work space in your home, as long as you meet **one** of these conditions:

- It is your principal place of business; or
- You use the space predominantly to earn your business income, and you use it on a regular and ongoing basis to meet your clients, customers, or patients.

You can deduct a part of your maintenance costs such as heating, home insurance, electricity, and cleaning materials. You can also deduct a part of your property taxes, mortgage interest, and capital cost allowance.

To calculate the part you can deduct, calculate how many hours in the day you use the rooms for your business, then divide that amount by 24 hours. Multiply the result by the business part of your total home expenses. This will give you the household cost you can deduct.



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Example

Danny runs a daycare in his home weekdays for 10 hours out of a 24-hour day. The children use an area of 35 square metres. The house is 100 square metres, and the annual home expenses are \$5,800.

The calculation is as follows:

$$(10 \div 24 \text{ hours}) \times (35 \div 100 \text{ metres}) \times \$5,800 \text{ expenses} = \$845.83$$

The daycare only operates 5 days a week, so Danny has to do another calculation.

$$\$845.83 \times (5 \div 7) \text{ days} = \$604.16$$

Danny can deduct a total of \$604.16 for home expenses.

The amount you can deduct for business use of home expenses cannot be more than your net income from the business before you deduct these expenses. In other words, you cannot use these expenses to increase or create a business loss.

Address _____

Square footage used for day home purposes _____

Total square footage of home _____

Total Yearly Bills

Electric	\$ _____	Mortgage interest	\$ _____
Natural gas	_____	Rent	_____
Insurance	_____	Maintenance	_____
Property taxes	_____	Other:	_____
Home telephone	_____		_____