

Accounting Aid Society
Site Manual
Tab 5: Daycare Providers

Contents:

- Business Code for daycare providers (see below)
- Reporting Guide for Unlicensed Daycare Providers
- Standard Meal and Snack Rates
- Meal and Snack Log

Business Code for daycare providers:

624410 Childcare services

[IRS Full List of Business Codes](#)

Unlicensed Daycare Providers - 2019 Filing Season Reporting Guide

BACKGROUND

Low-income parents receiving daycare assistance from the Michigan Department of Education (formerly from Michigan Department of Human Services) can choose to utilize a licensed care facility or, in many cases, choose a provider who is not licensed but is enrolled. The licensed facilities are businesses. The unlicensed providers have for several years been treated as independent contractors. If the unlicensed provider is not related by blood to the parent, the care must be provided in the parent's home, otherwise the care can be provided in the provider's home.

In the usual worker classification issue, individuals who were previously treated as employees are changed by the payer to independent contractors with no change in duties. In the situation in Michigan, unlicensed providers who were previously treated as independent contractors, which they agreed to when they signed on, are in some cases now being told they are employees with no change in duties.

Beginning July 1, 2013, the Michigan Department of Education started making payments to the parents of the children being cared for instead of directly to the unlicensed day care providers. For the first half of 2013, the providers received a Form 1099-MISC from the state. Since then, there is likely to be no reporting to IRS.

ISSUES

For all parents:

Amounts received from the Michigan Department of Education for payments to daycare providers are included in Total Household Resources. They are not included as income for income tax purposes.

For all providers:

We will need to determine the amounts actually paid by the parents to the providers in 2019. The provider and parent should each receive a statement that shows payments made by the state; however, it's possible that the provider received less or more than that amount from the parent.

For care provided in the provider's home:

These providers should continue as independent contractors. As in the past, there might be some issue regarding whether their activity rises to the level of self-employment; however, our position is that they should file Schedule C or Schedule C-EZ. If they don't agree, they should seek professional assistance.

For care provided in the parent's home:

Michigan Department of Education has stated that as of July 1, 2013, the provider became the employee of the parent. That is generally a technically correct statement; however, in our situation the provider has been likely treated by agreement as an independent contractor for several years. Their duties have not changed, only the person paying them. Also, employer-employee status is dependent on the amount of direction and control involved.

OUR SUGGESTIONS

Find out if the unlicensed daycare provider still consider themselves to be independent contractors in 2019. If so, prepare Schedule C or Schedule C-EZ consistent with past year's treatment.

If they believe they are the employee of the parent in 2019, ask them for a W-2 issued by the parent. If they did not receive one, they need to follow standard practice and call the IRS at 1-800-829-1040 after February 28, 2020, to report it. We will only prepare a Form 4852, Substitute for W-2, if they have done this. They need to bring a Form 4852 sent to them by IRS. This will document that the call was made.

Form 8919, Uncollected Social Security and Medicare Tax on Wages, should be prepared if the provider has filed, or will file, Form SS-8, Determination of Worker Status for Purposes of Federal Employment Taxes and Income Tax Withholding, with IRS by April 15. Note: We can provide Form SS-8, but the taxpayer will need to complete it.

If they do not follow the above procedures, we cannot assist them.

Note: Please be aware that we can no longer prepare a Schedule C claiming expenses for business use of home at any VITA tax site.

**Standard Meal and Snack Rates¹
for Daycare Providers in Michigan
(and All Other States Other than Alaska and Hawaii)**

| Tax Year | Breakfast | Lunch | Dinner | Snack |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|--------------|---------------|--------------|
| 2023 | \$1.66 | \$3.04 | \$3.04 | \$0.97 |
| 2022 | \$1.40 | \$2.63 | \$2.63 | \$0.78 |
| 2021 | \$1.39 | \$2.61 | \$2.61 | \$0.78 |
| 2020 | \$1.33 | \$2.49 | \$2.49 | \$0.74 |
| 2019 | \$1.31 | \$2.46 | \$2.46 | \$0.73 |
| 2018 | \$1.31 | \$2.46 | \$2.46 | \$0.73 |
| 2017 | \$1.31 | \$2.46 | \$2.46 | \$0.73 |
| 2016 | \$1.32 | \$2.48 | \$2.48 | \$0.74 |
| 2015 | \$1.31 | \$2.47 | \$2.47 | \$0.73 |
| 2014 | \$1.28 | \$2.40 | \$2.40 | \$0.71 |
| The rates can also be found in IRS Publication 587, Business Use of Your Home, for each tax year. | | | | |
| ¹ The applicable rates for a tax year are the Child and Adult Care Food Program (CACFP) reimbursement rates in effect on December 31 of the prior year. https://www.fns.usda.gov/cacfp/reimbursement-rates | | | | |

The taxpayer can use the standard meal and snack rates for a maximum of one breakfast, one lunch, one dinner, and three snacks per eligible child per day.

If the taxpayer uses the standard meal and snack rates, they must maintain records to substantiate the computation of the total amount deducted for the cost of food provided to eligible children. The records kept should include the name of each child, dates and hours of attendance in the daycare, and the type and quantity of meals and snacks served. This information can be recorded in a log similar to the one on the next page.

The standard meal and snack rates include beverages.

Exhibit A. Family Daycare Provider Meal and Snack Log

Name of Provider _____
 Week of _____ Year _____

Keep For Your Records

| Child's Name | Monday | Tuesday | Wednesday | Thursday | Friday | Saturday | Sunday | Totals |
|--------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------|
| | Hours of attendance: _____ <input type="checkbox"/> Bkfst <input type="checkbox"/> Snack <input type="checkbox"/> Lunch <input type="checkbox"/> Snack <input type="checkbox"/> Dinner <input type="checkbox"/> Snack | Hours of attendance: _____ <input type="checkbox"/> Bkfst <input type="checkbox"/> Snack <input type="checkbox"/> Lunch <input type="checkbox"/> Snack <input type="checkbox"/> Dinner <input type="checkbox"/> Snack | Hours of attendance: _____ <input type="checkbox"/> Bkfst <input type="checkbox"/> Snack <input type="checkbox"/> Lunch <input type="checkbox"/> Snack <input type="checkbox"/> Dinner <input type="checkbox"/> Snack | Hours of attendance: _____ <input type="checkbox"/> Bkfst <input type="checkbox"/> Snack <input type="checkbox"/> Lunch <input type="checkbox"/> Snack <input type="checkbox"/> Dinner <input type="checkbox"/> Snack | Hours of attendance: _____ <input type="checkbox"/> Bkfst <input type="checkbox"/> Snack <input type="checkbox"/> Lunch <input type="checkbox"/> Snack <input type="checkbox"/> Dinner <input type="checkbox"/> Snack | Hours of attendance: _____ <input type="checkbox"/> Bkfst <input type="checkbox"/> Snack <input type="checkbox"/> Lunch <input type="checkbox"/> Snack <input type="checkbox"/> Dinner <input type="checkbox"/> Snack | Hours of attendance: _____ <input type="checkbox"/> Bkfst <input type="checkbox"/> Snack <input type="checkbox"/> Lunch <input type="checkbox"/> Snack <input type="checkbox"/> Dinner <input type="checkbox"/> Snack | Number served: _____ Breakfasts: _____ Lunches: _____ Dinners: _____ Snacks: _____ |
| | Hours of attendance: _____ <input type="checkbox"/> Bkfst <input type="checkbox"/> Snack <input type="checkbox"/> Lunch <input type="checkbox"/> Snack <input type="checkbox"/> Dinner <input type="checkbox"/> Snack | Hours of attendance: _____ <input type="checkbox"/> Bkfst <input type="checkbox"/> Snack <input type="checkbox"/> Lunch <input type="checkbox"/> Snack <input type="checkbox"/> Dinner <input type="checkbox"/> Snack | Hours of attendance: _____ <input type="checkbox"/> Bkfst <input type="checkbox"/> Snack <input type="checkbox"/> Lunch <input type="checkbox"/> Snack <input type="checkbox"/> Dinner <input type="checkbox"/> Snack | Hours of attendance: _____ <input type="checkbox"/> Bkfst <input type="checkbox"/> Snack <input type="checkbox"/> Lunch <input type="checkbox"/> Snack <input type="checkbox"/> Dinner <input type="checkbox"/> Snack | Hours of attendance: _____ <input type="checkbox"/> Bkfst <input type="checkbox"/> Snack <input type="checkbox"/> Lunch <input type="checkbox"/> Snack <input type="checkbox"/> Dinner <input type="checkbox"/> Snack | Hours of attendance: _____ <input type="checkbox"/> Bkfst <input type="checkbox"/> Snack <input type="checkbox"/> Lunch <input type="checkbox"/> Snack <input type="checkbox"/> Dinner <input type="checkbox"/> Snack | Hours of attendance: _____ <input type="checkbox"/> Bkfst <input type="checkbox"/> Snack <input type="checkbox"/> Lunch <input type="checkbox"/> Snack <input type="checkbox"/> Dinner <input type="checkbox"/> Snack | Number served: _____ Breakfasts: _____ Lunches: _____ Dinners: _____ Snacks: _____ |
| | Hours of attendance: _____ <input type="checkbox"/> Bkfst <input type="checkbox"/> Snack <input type="checkbox"/> Lunch <input type="checkbox"/> Snack <input type="checkbox"/> Dinner <input type="checkbox"/> Snack | Hours of attendance: _____ <input type="checkbox"/> Bkfst <input type="checkbox"/> Snack <input type="checkbox"/> Lunch <input type="checkbox"/> Snack <input type="checkbox"/> Dinner <input type="checkbox"/> Snack | Hours of attendance: _____ <input type="checkbox"/> Bkfst <input type="checkbox"/> Snack <input type="checkbox"/> Lunch <input type="checkbox"/> Snack <input type="checkbox"/> Dinner <input type="checkbox"/> Snack | Hours of attendance: _____ <input type="checkbox"/> Bkfst <input type="checkbox"/> Snack <input type="checkbox"/> Lunch <input type="checkbox"/> Snack <input type="checkbox"/> Dinner <input type="checkbox"/> Snack | Hours of attendance: _____ <input type="checkbox"/> Bkfst <input type="checkbox"/> Snack <input type="checkbox"/> Lunch <input type="checkbox"/> Snack <input type="checkbox"/> Dinner <input type="checkbox"/> Snack | Hours of attendance: _____ <input type="checkbox"/> Bkfst <input type="checkbox"/> Snack <input type="checkbox"/> Lunch <input type="checkbox"/> Snack <input type="checkbox"/> Dinner <input type="checkbox"/> Snack | Hours of attendance: _____ <input type="checkbox"/> Bkfst <input type="checkbox"/> Snack <input type="checkbox"/> Lunch <input type="checkbox"/> Snack <input type="checkbox"/> Dinner <input type="checkbox"/> Snack | Number served: _____ Breakfasts: _____ Lunches: _____ Dinners: _____ Snacks: _____ |
| | Hours of attendance: _____ <input type="checkbox"/> Bkfst <input type="checkbox"/> Snack <input type="checkbox"/> Lunch <input type="checkbox"/> Snack <input type="checkbox"/> Dinner <input type="checkbox"/> Snack | Hours of attendance: _____ <input type="checkbox"/> Bkfst <input type="checkbox"/> Snack <input type="checkbox"/> Lunch <input type="checkbox"/> Snack <input type="checkbox"/> Dinner <input type="checkbox"/> Snack | Hours of attendance: _____ <input type="checkbox"/> Bkfst <input type="checkbox"/> Snack <input type="checkbox"/> Lunch <input type="checkbox"/> Snack <input type="checkbox"/> Dinner <input type="checkbox"/> Snack | Hours of attendance: _____ <input type="checkbox"/> Bkfst <input type="checkbox"/> Snack <input type="checkbox"/> Lunch <input type="checkbox"/> Snack <input type="checkbox"/> Dinner <input type="checkbox"/> Snack | Hours of attendance: _____ <input type="checkbox"/> Bkfst <input type="checkbox"/> Snack <input type="checkbox"/> Lunch <input type="checkbox"/> Snack <input type="checkbox"/> Dinner <input type="checkbox"/> Snack | Hours of attendance: _____ <input type="checkbox"/> Bkfst <input type="checkbox"/> Snack <input type="checkbox"/> Lunch <input type="checkbox"/> Snack <input type="checkbox"/> Dinner <input type="checkbox"/> Snack | Hours of attendance: _____ <input type="checkbox"/> Bkfst <input type="checkbox"/> Snack <input type="checkbox"/> Lunch <input type="checkbox"/> Snack <input type="checkbox"/> Dinner <input type="checkbox"/> Snack | Number served: _____ Breakfasts: _____ Lunches: _____ Dinners: _____ Snacks: _____ |