Arlington Chamber of Commerce

# BUSINESS OPERATIONS: TIME & SPACE PERCENTAGE

ARLINGTON CHILD CARE ALLIANCE

## 1 Understand Your Time & Space Percentage

Your Time & Space Percentage helps you understand how much of your home expenses can count as business expenses. As a Family Day Home provider, you can deduct part of your shared home costs because your home is also your workplace.

**Knowing your number helps you:**

- Lower your tax bill
- Understand your real business costs
- Work better with your tax preparer

**Time -** How many hours you work in your child care business each year.
**Space -** How much of your home is used for child care activities.

**Tip: Your tax preparer needs this number to help calculate your business deductions.*

## 2 Identify Time and Space in Your Home

**Space**

Rooms fall into 3 categories:

- **Exclusive Use** - Used only for child care (ex., playroom)
- **Partial/Regular Use** - Used for child care and personal life (ex., kitchen or living room)
- **Personal Use** - Never used for child care (ex., your bedroom)

Note: Only indoor living space counts!

**Time**

- **Business Hours** - Time caring for children.
- **Other Business Activities** - Cleaning, planning, paperwork, shopping, or training.
- **Personal Time** - Time not used for your business.

**Tip: Cleaning and planning time count as business hours.*

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# 3 Calculate Your Time & Space Percentage

## Step 1: Calculate your Space Percentage

*Note: Area (Sq Ft) = Length x Width*

1. Start with your home's **TOTAL Square Footage**
2. Calculate the area for the part(s) of your home:
   a. **used EXCLUSIVELY** for Child Care, if you have any
   b. **NEVER used** for Child Care
   c. **PARTIALLY used** for Child Care:
      **TOTAL**– **NEVER** used – **EXCLUSIVELY** used

**Exclusive Business Use Space % =** (Exclusive / Total) x 100
**Partial Business Use % =** (Partial / Total) x 100

## Step 2: Calculate your Time Percentage

*Note: Total hours in a non-leap year = 8760*

1. **Business Operation Hours** x days of the week you are open x weeks of the year you are open
2. **Other Business Activities**: hours a week x weeks you are open
3. **Total Business Hours**: business operation hours + Other Business Activities Hours

**Time percentage = Total Business Hours / 8760**

## Step 3: Calculate your Time & Space Percentage

1. **Partial Use Time & Space %** = Time % x Partial Business Use %
2. Add your **Exclusive Business Use %**

**Time & Space %** = Partial Use Time & Space % + Exclusive Use %

**Tip: Keep track of your shared home expenses and hours worked in the home outside of caring for children.*

*Disclaimer: This information is meant for educational purposes only. Consult a legal/tax professional for specific guidance for your situation.*

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