

Family Day Care Educators –

# **Taxation**

Seek Professional  
Advice.

Following is a list of suggested tax deductions that may be available to you as a Family Day Caregiver. However, everyone's situation will be different and it is recommended that you talk to us about any expenses you wish to claim. The Australian Taxation Office has issued a ruling (IT 2396) relating specifically to Family Day Caregivers, which lists the following as allowable deductions:

- Cost of uniforms and protective clothing (eg. aprons, gloves)
- Costs of laundry of uniforms and protective clothing
- Travel costs (including public transport, car expenses, parking fees and tolls) to attend meetings, training or seminars
- Travel costs in relation to transporting children in care (eg. transport to and from school, for medical attention, outings etc)
- If you have more than one job, travel from one to the other is also deductible
- Self education expenses (including course fees, books, stationery, equipment and travel) if the course is directly related to your current work
- Union or professional association fees
- Work related postage and stationery (pens, diary, calculator, electronic organisers etc)
- Food, toiletries, consumable household items, art and craft supplies used
- Replacement and repairs of toys and equipment
- Depreciation of playground equipment, beds and other substantial items of equipment
- Purchase of books, periodicals and magazines related to your work
- Internet connection fees when used for email or research related to work
- Work-related telephone or mobile calls where they can be identified from an itemised telephone account or where a diary record of calls made over a period of one month has been kept. The portion of telephone rental that relates to deductible calls may also be claimed
- Electricity or gas - Reasonable estimate of the cost (eg. based on floor area of home used for child care)
- Hiring help to clean the area used for child minding, including additional materials or equipment used
- Premiums under an insurance policy directly related to day care activities (eg. public liability)
- Mortgage interest, rent, household insurance, rates and repairs - ONLY if a particular part of the home is set aside for the exclusive use of childcare - based on floor area

In addition to these specific deductions, the following general expenses are also allowable:

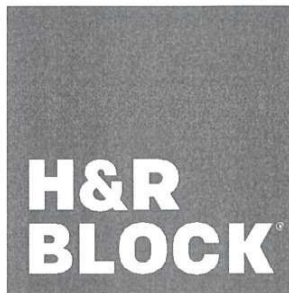
- Taxation and accountancy fees
- Bank Charges on your work-related or investment accounts
- Donations to registered charities (only where you haven't received anything for your donation – raffle tickets, novelty items etc)
- Income Protection Insurance

It is advisable to keep receipts for all purchases relating to your work even if they are not listed above. We can then advise you whether a claim can be made or not.

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### Accountants & Business Advisers

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# Child Care Worker Tax Return and Deduction Checklist

Taking care of our future generations is an incredibly important job. And when you spend all of your time focused on nurturing little ones, the last thing you probably want to think about every year is sorting out your taxes.

But tax time still rolls around every year, like it or not, and the best thing to do is get ahead of it and make sure you claim every possible deduction for your job. The smartest way to do this is with the help of an expert, like one of our experienced tax consultants here at H&R Block, who can help you get the biggest refund possible.

To complete your return as a child care worker, child care assistant, nanny, kindergarten assistant or pre-school aide employed by a company, you'll first need an **income statement** from your employer (previously called a "payment summary" or "group certificate"). This is a summary that outlines all of your salary, wages, allowances and bonuses for the financial year.

You won't need to have a copy of this statement, as it should be lodged by your employer directly to the ATO. Once this has been lodged, we can download the information for you and then help you work out your deductions.

## What do I need to know about claiming deductions?

As you know, you're entitled to claim deductions on any money spent during the financial year on products or services that directly related to earning your income. But there are two things you need to remember:

First, you need to have spent the money yourself (it can't have been reimbursed by your employer), and

Secondly, you need to keep a record of the expense such as a receipt or invoice.

## What deductions can I claim?

There is a wide range of deductions you can claim as a child care worker, such as:

- Car expenses, including parking costs and tolls, if you travel between different jobs on the same day (for example from your day job at a child care centre to a second job working in a restaurant) or to different locations for your work (for example if you are a nanny for more than one family and need to go from one home to another home or school during a work day, or if you need to attend any meetings, excursions or sporting events)
- Any expenses connected to buying, repairing and cleaning any work clothing items that are either part of a uniform or distinctive to your company (such as a shirt with a company logo on it)
- Any **clothing or items that have protective benefits** such as a face mask, smock, gloves or sun protection including sun glasses and sun hat
- Any expenses related to buying and insuring equipment or tools specifically required for your work, such as teaching aids, stationery, toys or art materials
- Self education costs for attending any courses, training or seminars specifically related to your current line of work, such as a certificate or diploma in Early Childhood Education
- The cost of a first aid training course if you're a designated first aid person and need to do first aid training to assist in emergency work situations
- Phone and internet expenses for any work-related usage on your personal phone or device, provided they are not already covered by your employer

## What can't I claim?

There are several key expenses you can't claim, including:

- Any regular clothing worn to your workplace that could also be worn outside of work (such as jeans or a white t-shirt) even if you only wear it for work and bought it specifically to wear to work
- Any upfront fees, joining fees or search fees paid to an employment agency

- The cost of any meals or snacks consumed during the course of a normal work day, even if you are given an allowance by your employer to cover the meal expense
- Any upfront fees, joining fees or search fees paid to an employment agency
- Any grooming costs, including hairdressing services and buying items of make up, even if it's a requirement of your job to be well presented
- Any costs incurred when travelling between your home and your workplace, even if you live a long distance away

## What records do I need to keep?

Record-keeping might seem like child's play, but it's really important at tax time, so you need to **stay on top of your receipts** and have a comprehensive set receipts if you want to get a good tax refund. It's a smart idea to create an easy and reliable system to help you keep on top of this throughout the year.

Remember, you don't need to keep physical receipts, and it's acceptable to keep a digital copy (such as a photo of a receipt or an email receipt) provided it is possible to read:

- The name of the supplier
- Amount of the expense
- Nature of the goods or services
- Date the expense was paid
- Date of the document

You also don't need to keep receipts for expenses under \$10 (as long as these don't cumulatively come to more than \$200).

## What happens if I make a mistake in my tax return?

It's okay, we know this can happen to anyone and strongly recommend dealing with it as soon as possible. This is always the best approach. It's essential that you take great care in putting together the information and supporting documentation when filing your tax return, and only claim deductions that are genuine to avoid penalties and possibly even prosecution from the ATO.

It's easy to make an innocent mistakes sometimes, and if you self-lodge and realise you've submitted incorrect or unsubstantiated claims then you should contact H&R Block immediately and we will assist you in making the **necessary amendments**.

Still have some questions about lodging your tax return? Talk to H&R Block. Our experienced tax consultants will be able to help. Call 13 23 25 for details or find your nearest office and **book an appointment** online.



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As our name indicates, Family Day Care is our speciality. You will be speaking directly with a qualified accountant and Registered Tax Agent who specialises in Family Day Care. Our objective is to provide educators with all the systems, services and information that you require to gain the maximum financial benefit from your business with as little stress as possible.

Our services are available anywhere in Australia from the comfort and convenience of your home via internet and telephone, with access to after hours and weekend consultations available by appointment.

We have helped many new and experienced educators establish and operate very successful businesses. We have also been able to give advice to potential Family Day Care Educators. See below for more information.



#### INITIAL CONSULTATION

Book a 20 min appointment to have your tax and accounting questions answered by an FDC accounting specialist. The cost of \$99 comes off your first fee.



#### CALL BACK REQUEST

To make general enquiries about our services either give us a call on 1300 332 829, or use the above link to request a call back.



#### HAVE MORE QUESTIONS?

If you haven't found the answer to your questions here, try our Frequently Asked Questions page by clicking on the link above.

## FAMILY DAY CARE SOFTWARE, BOOKKEEPING, TOOLS AND CHECKLISTS

Family Day Care Educators have unique needs when it comes to easily and correctly recording their income and expenses. Making time to record your expenses can be difficult and it is common for educators to have many smaller transactions which have both a private and day care portion. As a result, it can sometimes be cumbersome and complex to use a general business software package.

In addition to this, it can be hard to get all of the information collated to ensure your accountant understands and claims all of the deductions you are entitled to claim. To assist educators in this process we have collaborated with software providers to develop accounting systems, tools and checklists that allow you to easily understand and comply with all tax lodgement requirements.

Some of these services include:

- Family Day Care Cashbook System - Easy Cashbook
- Smartphone applications for capturing expense receipts and family day care percentages
- End of year checklists
- Family Day Care fact sheets and templates
- Family Day Care Tax Guide

## INCOME TAX ADVICE AND TAX RETURN PREPARATION

We won't just lodge your tax return. At FDC Tax we provide educators with all the information and advice required to help you correctly calculate and claim every deduction possible. For example:

- Assistance with determining Family Day Care claims and end of year Family Day Care checklists
- Mortgage interest, rent, council rates and other home occupancy costs
- Running costs including electricity, telephone, internet, cleaning, repairs, water rates and other expenses for the use of your home including furniture and equipment
- Teaching resources and supplies
- Motor vehicle expenses and log books
- Assistance with estimating your correct tax and required tax savings
- Capital gains tax and all other tax implications as a result of running your business from your home and generally
- Accounting software, bookkeeping tools and end of year checklists

## BUSINESS ACTIVITY STATEMENT (BAS) PREPARATION AND ADVICE

We offer the complete range of services in relation to your GST and Activity Statement obligations including:

- Business Activity Statement (BAS) preparation and lodgement
- Instalment Activity Statement (IAS) preparation and lodgement
- Annual GST Report
- Goods and Services Tax (GST) registration and advice
- BAS Training Service (learn how to prepare and lodge your own BAS)

## ABN, GST AND NEW BUSINESS REGISTRATIONS

There are many things to consider when both commencing and operating a Family Day Care business. For Example:

- Am I required to have an ABN?
- Should I register for GST?
- Do I have to lodge a Business Activity Statement (BAS)?
- Do I need to register a business name?

We can help you to understand and decide what registrations are required and appropriate for your circumstances. We can also assist you with registering for an ABN, GST as well as a business name. Services include:

- Application for Australian Business Number (ABN)
- Application for Registration of your Business Name
- Application to register for GST
- New and prospective educator consultations

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OWNING YOUR OWN BUSINESS CAN BE REWARDING - WE ARE HERE TO HELP



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