

# Fiscal Check-Up for Family Child Care Part 3: Time-Space Percentage—A Number Worth Knowing

BY ROBYN KELTON

*Note: This resource is part of a series focused on fiscal check-ups for family child care providers. Read the rest of the series here: [Part 1](#) | [Part 2](#)*

Part 2 in this blog series, [Fiscal Check-Up for Family Child Care Part 2: Tips for Tracking Actuals and Budgeting](#), briefly mentioned how you might use your Time-Space Percentage to determine the tax deduction allowed for the business use of your home. This blog addresses what Time-Space Percentage is and how it can be used.

If you are a family child care provider who cares for children in your home, then according to the National Association for Family Child Care (NAFCC), “The most important number in a family child care provider’s business is her Time-Space Percentage” (NAFCC, n.d.). Those of us who work with the *Business Administration Scale for Family Child Care* (BAS) tend to agree with that statement!

“What’s so great about Time-Space Percentage?” you might ask? For family child care providers operating programs in their home, the Time-Space Percentage is the percent of shared business and personal expenses that can be deducted on taxes as a business expense (Copeland, 2011). And more tax deductions mean more money saved. Because these family child care providers use their home for their business, they have the opportunity to calculate the percent of the year the home was used for business and the percent of the square footage of the home that was used for the business, resulting in their Time-Space Percentage—that number worth knowing (Copeland, 2011).

Once a provider has correctly calculated their Time-Space Percentage, they can then apply that percentage to a variety of shared business and personal expenses in order to claim tax deductions. For example, if a provider’s Time-Space Percentage is 33% she can deduct 33% off the shared personal and business expenses related to the business use of her home. This would mean 33% of her rent or mortgage interest would be deductible, 33% of her utilities would be deductible, 33% of home repairs, 33% of cleaning and laundry supplies she buys and then uses for both the business and personally, and 33% of furniture purchased for rooms used by both the provider and her family as well as the child care business could be deducted, you get the picture. In essence, Time-Space Percentage may boil down to a lot of money in tax deductions for providers. When it comes to calculating your own Time-Space Percentage, you will need to start with two important things: 1) records to substantiate purchases and time worked in the home and 2) a tax preparer with specialized knowledge about family child care (Talan & Bloom, 2018).

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I also recommend checking out Tom Copeland's blog posts on the subject (see the References below). As an attorney with decades of experience in the business of family child care, Tom walks you through the formula for calculating your Time-Space Percentage and what to look for in a tax preparer (Copeland, 2011; Copeland 2020).

## References

Copeland, T. (2020, February 24). Calculate Your Own Time-Space Percentage. <http://tomcopelandblog.com/calculate-your-own-time-space-percentage>

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National Association for Family Child Care (n.d) *The Time-Space Percentage*. National Association for Family Child Care. <https://www.nafcc.org/Time-Space-Percentage>

Talan, T. & Bloom, P. J. (2018). *The Business Administration Scale for Family Child Care*. Teachers College Press.

If you would like to join a Community of Practice (CoP) of family child care providers to learn more about financial operations for family child care providers and many other business topics, attend the [7th Taking the Lead \(TTL\) leadership academy](#) in Chicago, Illinois from October, 2020 – June 2021.

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