

TAXES

April 15th! Tax Deadline! Are you already being bombarded with requests from parents for you social security number? According to Tom Copeland, an attorney who specializes in the business of family care, it is a parent's responsibility to request information for tax purposes from you. Although you are not required to give out this information without being asked, Mr. Copeland does recommend that, in the spirit of cooperation, you give out a receipt worked something like this: "For the year of 20__, Mrs. (parent's name) paid me (\$ amount) for the care of (child's name)." Mr. Copeland further recommends that the provider and parent both sign the receipt and the provider may add this social security number or federal tax ID #, but are not required to do so. Both provider and parent should keep copy of the receipt. **It is advised that all providers get their own employer ID number, rather than give out your SS#.**

HOW to obtain a Tax ID Number (EIN):

1. Go to IRS website www.irs.gov
2. Find the search box in the upper right hand corner & enter "employer ID Number"
3. Click on "apply for Employ Identification Number (EIN) online"
4. Click on "apply Online Now" at the bottom of the page
5. You will apply as a "sole Proprietor"

Once you complete the application, you will receive your number immediately.

NOTE: If you do not have access to the Internet, you may call the IRS at 1-800-829-4933 and ask someone to fill out the application with you over the phone.

When you use your EIN number is. Your social security number:

*Use you EIN number either parents an on your deferral fax forms schedules C and SE

*Use you social security number on Forms 1040 and 1040ES

IRS Form W-10

An alternate method is to use the Federal W-10 form as your receipt for parents. Again, it is the parents responsibility to provide this form to providers, not he provides responsibility to give it to parents, However, if the parent gives a provider a W-10 to complete, which does include a line for providers S# or tax ID #, there can be a \$50.00 fine for failure to provide accurate information. Once again, in the spirit of cooperate providers can (and maybe would want to) initiate W-10's and have the parents sign a copy. Mr. Copeland recommends that at no time should providers use this Minnesota Family Child Care License number when providing information for tax purposes. This number means nothing to the IRS and could be confusing, causing possible problems or delays.

Other resources regarding business and tax information:

IRS

Minnesota Revenus Services