

Webinar

# How to prepare your Childcare Business for Tax Season





## THE PRESENTER

# We Are The Leading Choice For Your Childcare Business

CEO Daycare Accounting Pro

David, CEO of AccountTAX USA which is the parent company of Daycare AccountingPRO in New York City. David runs a boutique accounting practice exclusively servicing the Daycare Industry for over 10yrs. David and his team provide modern-day accounting tactics & strategies to help Daycare Owners increase profits, cut cost, pay the least amount to the IRS and put owners on the road where they can focus on building their business so they can ultimately enjoy peace of mind





## TESTIMONIAL

Let me start by saying David is amazing!!! I started working with David with my business & personal taxes 5 years ago and he has saved me THOUSANDS!! I highly recommend David for tax services. He knows his stuff well and will always educate you throughout the process. I would not change him for the world!

Nekea Whitson, Owner of Brainiac Babies

# CHOOSING THE PROPER BUSINESS ENTITY IS CRITICAL

The consequences of choosing the wrong type of entity can be devastating to your Childcare business.

Too many times we see Daycare Owners paying a large amount of tax which could have been avoided.

Roughly 75% of the Daycare owners whom we service had these same issues of paying too much tax due to their lack of knowledge of the tax code.

Finally, you will learn how to *AVOID* paying tax.



# In the next 20-30 minutes, I'm going to teach you:

 How to pay less in taxes

 The importance of bookkeeping and how to do it the right way

 How to avoid pitfalls with your payroll

 Show you commonly missed childcare program deductions and strategies

# Insurance Tax Deduction

The 105-Health Reimbursement Agreement gives you the best possible medical reimbursement plan. The first requirement is to have one employee only. The second requirement is to operate the business as one of the following:

- Sole Proprietor reporting on Schedule C
- Partnership reporting on Schedule C
- Real Estate rental business reporting on Schedule E
- C-Corp filing Form 1120

## Example:

Jane's business pays medical coverage (health insurance, co-pays, other medical expenses not covered by insurance) of \$22,000 per year for her employee/spouse. Jane is now able to deduct \$22,000 as a business expense from her company, which decreases her net profit and lowers her personal tax liability. If Jane is in the 25% tax bracket, with the 105-HRA, Jane can save a total of \$10,626 in taxes (self-employment, fed & state) this year and likely a similar amount every year she is in business.

With the IRS hiring more employees, who will agents target for audits?

### How the IRS picks which tax returns to audit

- Currently, the IRS uses software to rank each tax return with a numeric score, with higher scores more likely to trigger an audit. The system may flag a return when deductions or credits compared to income fall outside of acceptable ranges.
- For example, let's say you make \$150,000 and claim a \$50,000 charitable deduction. You're more likely to get audited because it's "disproportionate" to what the system expects.

### How IRS audits may change with more funding

- The chance of an audit may increase for self-employed taxpayers, depending on their return. However, the odds may not change for traditional workers with an error-free filing. The W-2 employee is much less likely to get audited than a self-employed person by far.
- Of course, one of the best way to avoid future headaches is by keeping accurate records with detailed bookkeeping and saving all receipts.



## Common Payroll Mistakes

### 1. Being Infrequent With Payments

Your employees rely on their paychecks. For some, it's crucial to have a stable source of income at set times of the month to make ends meet. If you commit to paying your team weekly or bi-weekly at hire, it's wise to honor such an agreement. While there are no federal laws surrounding how often to pay employees, some states have frequency requirements and could penalize your business for missing them. Your staff can also lose trust in you, resulting in a high turnover or the inability to bring new workers aboard; hence, staffing issues.

### 2. Erroneously Listing Employees As Exempt or Non-Exempt

Listing an employee as exempt or non-exempt has a bearing on whether or not they are entitled to collect overtime pay. Paying a worker for overtime when they should be exempt is bad but failing to pay a non-exempt employee for hours worked beyond 40 is much worse. You're required to reimburse non-exempt personnel for overtime hours worked, and you could get penalized for not doing so in the first place. This can also lead to trust issues with employees, even when the matter is unintentional.

### 3. Incorrectly Identifying Employees and Contractors

As a business, you have a legal responsibility to declare who your employees are and who are independent contractors. Independent contractors are usually temporary workers, and you are not required to withhold any taxes for them. They are generally outside of a business's benefits, such as vacation time and insurance.

Misclassifying an employee as an independent contractor will lead to a large amount of payroll and income taxes due that were not properly withheld. These taxes (and fees from the misclassification) can spell disaster for a company.

# PICTURE A DAY

Spending time  
with family



Multiple vacations



Happier than ever

*"The  
purpose  
of our life  
is to be  
happy"*

—  
DALAI LAMA

# YOU DESERVE PEACE OF MIND



Solopreneur



In-Home Group



Center

# OFFER

Landing page info here; pending

## PEACE OF MIND CALL

30-45 MINUTE CALL

**\$97**

- ✓ review prior yr tax return
- ✓ share tax strategies you can implement now
- ✓ Receive eBook with tax strategies
- ✓ apply \$97 to set-up fee

## EXCLUSIVELY FOR ICARE SUBSCRIBERS

Additional 10% OFF  
All-Inclusive Tax, Bookkeeping &  
Payroll Bundle

One of the most common questions we get is: can you HELP my childcare business to save money on taxes, straighten out our bookkeeping and run our payroll? AND the answer is YES

We work every day with family groups, centers, and head start with multiple locations, making anywhere between \$50K to several million.

The next step for you is to schedule our Peace of Mind Call. It's a 30-minute call to review your tax return, look over what you're paying in taxes and what adjustments and/or tax strategies you can implement immediately.

It will also allow us the opportunity to get to know each other, learn what your goals are and where you want to be financially 12-months from now; this call will give us an idea if we're a good fit to work together.



# Daycare Accounting Pro

Accounting Consultations

## Bundle Includes

- Accounting Consultation
- 30-minute call to review your tax return
- Review what you are paying in taxes
- Tax Strategies and Adjustments



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CONTACT US

# Get In Touch

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## NEW LOCATIONS IN 2023

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CONTACT US

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