

# TAXES

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April 15<sup>th</sup>! Tax Deadline! Are you already being bombarded with requests from parents for your 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 worded something like this: "For the year 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 their 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 the IRS web site [www.irs.gov](http://www.irs.gov)
2. Find the search box in the upper right hand corner & enter "employer ID number"
3. Click on "Apply for an Employer 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 to use your EIN number vs. your social security number:**

- Use your EIN number with parents and on your federal tax forms schedules C and SE
- Use your 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 parent's responsibility to provide this form to providers, not the provider's responsibility to give it to parents. However, *if the parent gives a provider a W-10 to complete*, which does include a line for provider's SS# or tax ID#, there can be a \$50.00 fine for failure to provide accurate information. Once again, in the spirit of cooperation, 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 their 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:**

- Think Small
- IRS
- Minnesota Revenue Services