

Keeping Records and Submitting Tax Returns:

Setting down to face an evening of paperwork is not something many Childminders look forward to but often the worst part of that evening is starting the task! Once you get started the time will slip by quickly and at the end of the evening it's a job well done. Keeping Records is an important aspect of being a self-employed Childminder and if you stay on top of the paperwork you will ensure that it doesn't build up into a totally daunting task.

Childminding Ireland has developed an appropriate accounts package called the *Tax Disc* (€25 incl. p & p.) which enables you to enter your income and expenditure on a spread sheet – which then does the calculations for your tax return.

The first step in tax compliance, whatever your earnings, is to register with the Revenue Commissioners, using the TR1 form. Available on www.revenue.ie or phone your local tax office – see *Revenue* in the green section of the telephone directory.

Tax Relief on small scale Childminding fees – under €15,000 per year

If the fees you earn from Childminding in your home come to less than €15,000 per year and you are notified to your Childminder Advisory Service/County Childcare Committee, then avail of the Childminder Tax Relief – which allows earnings up to €15,000, clear of income tax. No deductions are claimed for any expenditure involved in providing your Childminding service (e.g. Food, Heat/light, telephone; refuse collection, etc.) and therefore, no receipts for goods/services are required to be kept by the Childminder. However, a tax return must be made on Form 11E and **all income**, from whatever source, must be declared. Any tax relief sought (for medical expenses, for example) on income from any source other than Childminding must be made in your tax return.

To claim this tax relief, you complete the annual return Form 11E. Insert your income from Childminding fees in the section headed ***Exempt Income***, sub-heading ***Childcare Services***. Form 11E must be submitted to the Revenue Commissioners by 31st October, stating the amount of Childminding fees earned. Then you make your RSI contribution by making a cheque, payable to Dept. Social & Family Affairs for €253 and sending to :

Accounts Dept., Cashier's Office,
Dept. Social & Family Affairs, Government Buildings,
Millennium Centre, St. Alphonsus Road, Dundalk, Co. Louth.

Tax Return if earning more than €15,000 per year

As a self-employed person you are responsible for keeping financial records and completing your own tax assessment by law. This means that each year you should keep a record of your business income and expenditure with supporting receipts, which forms part of your end-of-year tax return, submitted by October 31st. Your taxable income is calculated by deducting the expenses involved in running your Childminding business from the fees received.

The *Childminding Ireland* website, www.childminding.ie Publications, Accounting and Tax for Childminders section, has a list of items of expenditure, all or part of which may be set off against your earnings, to identify your taxable income. A *Guide to Completing Self-Assessment Tax Form 11E* is also available for this important task from *Childminding Ireland*.

You might like to consider registering to make your return on-line. This extends your return date to the 16th of November. Details can be found on www.ros.ie. It's far easier to make your return online and you won't be faced with pages of tax returns. If you choose not to make your return online, then use the abbreviated Form 11E. It's less daunting and confusing than Form 11 (which currently stands at 84 pages).

You do not send the actual receipts to the Revenue Commissioners, but all records need to be retained to prove your tax returns, in the event that you are audited. This includes keeping all bank statements and the receipts for items claimed or partially claimed on your self-assessment return.

There is also a minimum period for which you must keep financial records. Self-Assessment Tax Returns and receipts should be retained for 6 years.

Tips for keeping Records:

1. Keep your business and personal household accounts separate, *as far as is possible* (A proportion of some household expenditure is allowable against earnings, which makes an absolute separation impossible)
2. Set aside a regular time each week for updating income/expenditure
3. Enter details of expenditure on the stub of each cheque
4. Put Receipts in a small box, face down, so that they remain in date order
5. File bank statements in order – and check against lodgement receipts and cheque stubs

Childminding Ireland appreciates the professional advice from Chartered Certified Accountants, Fitzsimons Howick McEvoy, in updating our tax guidance material. If you wish to use an accountant to prepare your tax return, you could consider contacting them (01) 286 0075 or www.fhm.ie