

Time/Space Percentage

The time/space percentage is calculated annually by taking the total number of hours you care for children in your home, the total number of hours you spend on business related activities when children are not present, and the total number of square feet used for your business. Knowing this percentage can help reduce your taxes by determining how much of your shared (household) expenses can be claimed as business exemptions.

Calculating Time/Space percentage

To calculate your Time/Space percentage, we first need to calculate your time percentage, next space percentage and finally multiply the two

Time

- You will need to calculate all the time that you work in a year. This includes before children arrive, after they leave, and any prep or cleaning during evenings or weekends. Include time that you spend on:
 - Laundry and Sanitizing/Cleaning
 - Updating your business website or social media accounts
 - Emails and phone calls
 - Organizing your program space
 - Trips to the grocery store for business only
 - Planning for the week
- Do not include time spent on your business outside of your home (e.g., In-person trainings/conferences)

To best calculate your hours, use a calendar to track your start time and end time. Once you have calculated how many hours you work in total each year, divide that number by 8,760 (the total number of hours in a year).

$$\text{Hours Worked in a Year} \div 8,760 = \text{Time Percentage}$$

Example:

| Hours worked in a year | Total Hours in a Year | Time Percentage |
|--|-----------------------|--|
| 3,660 | 8,760 | 42% |
| $\frac{\text{Part} = 3,660}{\text{Whole} = 8,760}$ | = $\frac{\%}{100}$ | Multiply $3,660 \times 100 = 366,000$ Divide $366,000 / 8,760 = 42\%$ |

If you have not been open for a full year or need to calculate your time percentage for a specific time period, you can take the hours your business is open (operating hours) in a week and add 10 hours as this is the time that you do additional work for the business. Then divide that by 168 (the hours in a week)

$$(Operating\ hours\ in\ a\ week + 10) \div 168 = Time\ Percentage$$

Example:

| Operating hours in a week + 10 | Total Hours in a week | Time Percentage |
|-----------------------------------|-----------------------|---|
| 55 + 10 = 65 | 168 | 39% |
| $\frac{Part = 65}{Whole = 168} =$ | $\frac{\%}{100}$ | Multiply 65*100 = 6,500 Divide 6,500/168 = 39% |

Space

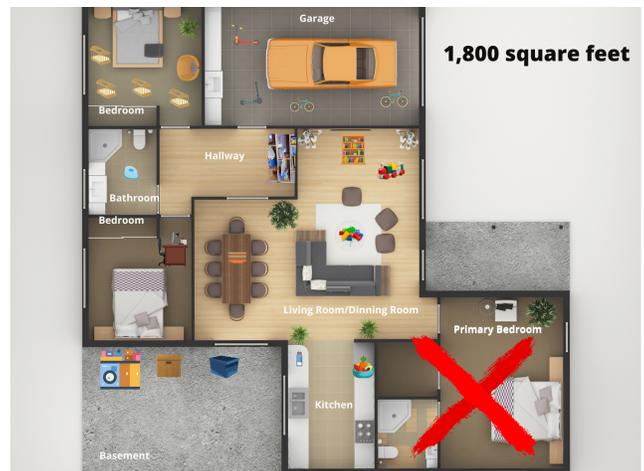
- To calculate space, first find the square footage of your home. Be sure to include the basement and garage.
- Next outline which rooms are used for your business purposes. These rooms must be used 3-4 days out of the week. Rooms that have items used for care are included. For example, a garage that stores children’s bikes can be considered a room that is used for your business.

Once you have the number of square feet used for your business, divide that by your total square footage

$$Total\ Sq.\ Ft.\ For\ Business \div Total\ Sq.\ Ft.\ In\ Your\ Home = Space\ Percentage$$

Example:

In this home the first bedroom is used for napping and the second for a home office for the business. The garage is used to store bikes and scooters. The basement stores program materials that aren’t being used along with a laundry room. The kitchen, living room/dining room, and hallway are areas children in the program use. The only part of this home that isn't used for the family child care business is the primary bedroom and bathroom. The primary bedroom and bathroom total 225 square feet. The total square footage for the house is 1800. The 225 square feet that are not used by the business are subtracted from the total leaving 1575 square feet that are used for the business. To find the space percentage use the part over whole formula below.



| <i>Total Square Footage Used for Your Business</i> | <i>Total Square Footage in Your Home</i> | Space Percentage |
|--|--|--|
| 1,575 | 1,800 | 87% |
| $\frac{\text{Part} = 1575}{\text{Whole} = 1800}$ | = $\frac{\%}{100}$ | Multiply $1575 \times 100 = 157,500$ Divide $157,500 / 1800 = 87.5\%$ |

Putting it all together

Once the time percentage and space percentage have been calculated, the two percentages are multiplied to get one final percentage. This is the number to use when filling out taxes.

Example: Using the yearly time percentage

Time Percentage × Space Percentage = Time/Space Percentage

| <i>Time Percentage</i> | <i>Space Percentage</i> | Time/Space Percentage |
|------------------------|-------------------------|------------------------------|
| 42% | 87% | 36% |

Example: Using the weekly time percentage

| <i>Time Percentage</i> | <i>Space Percentage</i> | Time/Space Percentage |
|------------------------|-------------------------|------------------------------|
| 39% | 87% | 34% |

Please remember when calculating time-space percentage, you must first understand the difference between without or with exclusive use rooms, please see below.

1. Your Time-Space Percentage without exclusive use rooms means any rooms of the home that is regularly used for business purpose, but not solely.
2. Your Time-Space Percentage with exclusive use rooms means any rooms of the home that is exclusively used for business purposes 100 percent of the time.

Example:

Time/Space Percentage without exclusive use rooms

You use all the rooms in your home on a regular basis except your own bedroom and your own child's bedroom. If the square footage of these two rooms is 350 and the total square feet of your home (including your basement and garage) is 2,000, then the business square footage is 1,650 ($2,000 - 350 = 1,650$). 1,650 divided by 2,000 = 82.5% Space

Time/Space Percentage with exclusive use rooms

Step One: Calculate the business use percentage of the exclusive use room:

200 square feet divided by 2,000 square feet = 10%

Step Two: Calculate the T/S% of the rest of the home:

1,800 square feet of regular use space divided by 2,000 square feet = 90% Space

90% Space x 40% Time = 36%

Step Three: Add the totals from Step One and Two together:

10% + 36% = 46% T/S%

For more information on calculating your Time-Space Percentage please visit the following resources by Tom Copeland

[How to Calculate Your Space Percent - Tom Copeland's Taking Care of Business](#)

[Spreadsheet - Tom Copeland's Taking Care of Business](#)