

Per Diem for Day Care Meals for 2023 and 2024

Day care providers can deduct the meals they provided to the people being cared for. These meals are based on actual costs of the food provided. However, a day care provider who provides the day care in his/her own home can use a per diem amount instead of actual costs. The per diem amounts for accounting for meal expenses for day care providers are based on the CACFP reimbursement rate. For example, the rates for 2023 tax deduction purposes are based on the CACFP rates effective July 1, 2022-June 30,2023. Here is a reminder of some of the details along with the 2023 and 2024 rates.

General – If the provider is receiving a reimbursement under the CACFP (Child and Adult Care Food Program of the Dept. of Agriculture) or any other program, the amount allowed as a net deduction is the per diem rate less the reimbursement. The IRS Audit Technique Guide suggests reporting the reimbursement as income and claiming the entire meal deduction, especially when there is a Form 1099 involved – it can help IRS see the reporting of the reimbursement as income and may save an examination from happening or at least make it easier to get through an examination.

A family day care provider can use these rates for up to one breakfast, one lunch, one dinner, and three snacks per eligible child per day.

Rates – The rates are equal to the Tier 1 reimbursement rates CACFP for meals served in day care homes effective on the first day of the calendar year. They are adjusted each year and can be found at www.usda.gov.

Included – These rates include beverages, but not non-food supplies such as containers, paper products, or utensils.

Consistency – The provider can choose to use either the actual expenses or the per diem method, but must use the chosen method for the entire tax year. Each year is a separate choice.

Record Keeping – The provider must keep records to substantiate their computation of the meals provided. These records should show the name of the applicable child, the dates and hours of attendance in the provider's day care, and the type and quantity of meals and snacks served. Revenue Procedure 2003-22 has a sample log which can be used for this purpose.

THE AMOUNTS ALLOWED FOR 2023 ARE:

- Other than Alaska or Hawaii
- - Breakfast - \$1.56

- - Lunch/Dinner - \$2.94
- - Snack - \$0.87 each

- Alaska
- - Breakfast - \$2.49
- - Lunch/Dinner - \$4.77
- - Snack - \$1.42 each

- Hawaii
- - Breakfast - \$1.81
- - Lunch/Dinner - \$3.45
- - Snack - \$1.02 each

NOTE – The USDA released two sets of amounts for 2023: the regular set and a temporary set. The temporary set included an extra \$.10 (ten cents) for most categories and was based on temporary funding available from the government. We have posted the regular set of numbers in this article since IRS has not stated which set to use for the deduction.

THE AMOUNTS ALLOWED FOR 2024 ARE:

- Other than Alaska or Hawaii
- - Breakfast - \$1.65
- - Lunch/Dinner - \$3.12
- - Snack - \$0.93 each

- Alaska
- - Breakfast - \$2.63
- - Lunch/Dinner - \$5.05
- - Snack - \$1.50 each

- Hawaii
- - Breakfast - \$2.12
- - Lunch/Dinner - \$4.05
- - Snack - \$1.20 each

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