Reply to
Attn of: CACFP-695

Subject: The Internal Revenue Service (IRS) Offers Standardized Deduction Rates for Meals Provided by Family Day Care Providers

To: STATE AGENCY DIRECTORS - Colorado DPHE, Iowa, Kansas, Missouri DH, Montana DPHHS, Nebraska, North Dakota, South Dakota, Utah and Wyoming
(Special Nutrition Programs)

The IRS recently announced that family day care providers may now choose to use a standardized rate to claim deductions for meals and snacks served to children in their care. These rates are currently the same as the CACFP Tier 1 reimbursement rates.

This change is beneficial for providers because it relieves the burden of keeping every personal and business receipt and using complicated math formulas to estimate business food expenses. The change is effective for tax years beginning after December 31, 2002.

Please ensure that this information reaches the sponsors and providers in your state. For more details on the standardized deduction, IRS Revenue Procedure 2003-22 can be accessed on the IRS website at http://www.irs.gov/pub/irs-drop/rp-03-22.pdf. If providers have additional questions about the rates, encourage them to contact their tax advisors or the IRS at www.irs.gov or (800) 829-1040.

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