

Tax Tip
Week of October 31, 2011

Child Care Receipts

Although the rules related to child care expenses are reasonably straightforward, many individuals elect not to make a claim as their day care provider does not issue receipts. However, it must be appreciated that receipts are not required to claim child care expenses. However, if challenged by CRA, taxpayers must be able to support the payments. Cancelled cheques are normally adequate documentation. It is a fact of life that many child care providers have a two tier pricing system – one price with receipts and a lower price if no receipt is required. Presumably, the day care provider does not declare the income if receipts are not provided.

Needless to say if your lack of receipts results in the day care provider being audited, one may have to find a new caregiver.