

Child Care WAGES[®] Tax Tips

One of the most common questions that we hear from WAGES[®] participants is, "Can you take taxes out of my supplement?" Unfortunately, Child Care Services Association is unable to tax your supplement at the point of payment because you are not our employees. Instead, CCSA will send you an IRS Form 1099 Miscellaneous at the end of each year if you received \$600 or more from our agency during the calendar year.

It is important to remember that the WAGES[®] supplements *are* considered income and are thus subject to tax laws set by the IRS and the State of North Carolina. CCSA reports certain payments, like the WAGES[®] supplements or bonuses from the T.E.A.C.H. Early Childhood[®] Project, in Box 3, Other Income, of the IRS Form 1099 Misc. The IRS requires that any payments or awards that are not for services performed be reported as Other Income if it amounts to \$600 or more.

Under most circumstances, you would report this income on Form 1040, Line 21, as Other Income. This is taxable income not subject to self-employment tax.

Be sure to contact your tax advisor or the IRS for more information.