

## Tax Deductions for Contractors and Sub-Contractors

<b>Income</b>	– Copies of checks and statements from sales, service, commissions and bonuses
<b>Expenses</b>	
Materials	– Anything you put into a building or service that stays in the building
Supplies	– Things you use that don't stay with the property
Permits and Fees	– Building permits, city permits, sign permits, etc.
Small Tools	– Tools that cost under \$300 and last less than three years. Hammers, screwdrivers, sockets, small saws, etc.
Depreciable Tools	– Tools that cost more than \$300 and will last more than three years
Equipment	– Compressors, trailers, scaffolding, generators, welding equipment, etc.
Equipment Rent	– Any tools or equipment you rent or for a one time job
Equipment Lease	– Tools and equipment you rent or lease that you keep for a long period of time
Protective Clothing	– Coveralls, boots, hard hats, gloves, coats, uniforms, etc.
Insurance	– Liability, vehicle insurance, bonds, health insurance for employees, and workers compensation insurance
Trade Shows	– Shows that you have a booth in or shows that you attend to check out what is happening in the industry
Sub-Contractors	– People or companies you hire on a job by job basis to do part of a job
Accounting/Payroll	– Accountants, accounting software, payroll companies, tax preparation, bookkeeper, etc.
Outside Services	– Companies you hire to perform services for your company for example consulting, surveyors, architects, etc.
Dump Fees	– Fees you pay to haul off trash and waste
Interest	– Interest paid on construction loans, equipment loans, credit cards, vehicles, etc.
Taxes and Licenses	– Property tax, payroll tax, corporation tax, etc. business, professional, state and city licenses
Realtor Fees	– The commission you pay to a realtor to sell a property you build
Advertising	– Business cards, newspaper ads, information packets you hand out, free samples, flyers, product testing, videos and CD's
Children	– Money paid to children for helping with such things as delivering flyers, product, stuffing envelopes, cleaning office and car, etc.

Delivery or Shipping	– Cost to deliver or ship materials
Dues and Subscriptions	– Dues to professional organizations and magazines that have to do with your trade or business
Education	Classes or seminars that you take to improve your business
Gifts	– Gifts to clients and associates
Laundry and Cleaning	– This includes uniforms and protective clothing and also your clothing when you are out of town
Legal and Professional Services	– Attorneys, accountants, inspectors, appraisers, etc.
Office Expense	– Office supplies, forms and receipt books, computer supplies, Internet, postage, printing, day planner, palm pilot, bank charges
Repairs	– Repairs to equipment such as computers, and other office equipment
Travel	– Hotels, airfare, cab fare, parking, cleaning while away from home, trip log
Meals and Entertainment	– Meals with clients, potential clients, and associates. Also tickets to movies or events with or for clients
Rent	– Rental fees for booths for shows, office, etc.
Telephone	– Cell phone, long distance calls on home phone, extra phone lines into home for business, fax or internet
Home Office	– A separate room in your home to do business and accounting. A percentage of utility bills, home owners insurance, property tax, mortgage interest, refinance fees, repairs and maintenance, cleaning supplies, office decor, etc.
Purchases	– Any equipment, office furniture, computers, vehicles that cost over \$200
Mileage or Vehicle	– There are two ways to take a vehicle expense. One is to take the mileage you use when picking up product, supplies, office supplies, meetings, handing out advertising or business cards, meals and entertaining clients, etc. The other way is to take the expense of using the vehicle: fuel, parts, mechanics, oil changes, etc. Along with taking expenses, you can also depreciate the vehicle.