

## Tax Deductions for Business Owners

### Income

Gross receipts from sales and/or services	Copies of checks and statements from sales, service, commissions, and/or bonuses
Other Income	Income from ownership in another business (K1 forms) interest on bank accounts or loans made to someone else

### Expenses

Accounting	Receipts for accounting, computer programs, tax preparation, and phone apps
Advertising	Business cards, information packets, free samples, flyers, product testing, social media, contest prizes, promotional costs that create good will such as sponsorships of sports teams
Bad Debt	Money loaned or invested that there is no hope of recapturing
Bank Charges	Fees charged by banks to maintain an account, wire fees, ATM withdraw, or other bank services
Children Paid	Money paid to children for helping with such things as delivering flyers and/or product, stuffing envelopes, cleaning office and/or car, modeling. <b>Must keep a detailed log of tasks and how paid.</b>
Commissions and Fees	Commissions to sales people, or anyone who gets paid by a percentage of sales or work done.
Computer, Internet, and Tech	Software, Online services, Internet expense, computer maintenance
Contract Labor	Services paid to individuals and sub-contractors. You must issue a form 1099 MISC to any individual that is paid over \$600 in a year.
Costs of Goods Sold	Cost of products sold whether sold wholesale or retail, materials and labor costs to produce a product
Dues and Subscriptions	Dues to professional organizations and magazines that have to do with your trade or business
Educational Expense	Classes or seminars that you take to improve your business, maintain licensing, and improve skills. Includes classes, conventions, books, seminars, trade shows, etc.
Employee Costs	Board and staff meetings, training, educating employees, and employee benefit programs
Equipment Purchased	Any equipment purchased for the ordinary and necessary operation of the business

Event Expense	Exhibits for publicity. Costs include venue expense, displays, food, samples, etc.
Gifts	Gifts to clients and associates limited to \$25 per person per year
Home Office	A separate room in your home to do business and accounting. A percentage of utility bills, home owners or renters insurance, property tax, mortgage interest, refinance fees, repairs and maintenance, cleaning supplies, office decor, etc may be taken. It is determined by square footage of office space vs square footage of the entire house
Insurance	Professional insurance, liability, vehicle, health, property, key man life, unemployment, workers comp, errors, omission, employee group, cyber liability
Interest	Interest paid on loans for equipment, mortgages, business buildings, business loans, lines of credit, credit cards, etc.
Janitorial Expense	Costs for an individual or company to clean office space, shop space, and grounds
Laundry and Cleaning	Includes uniforms and protective clothing and when you are out of town
Legal and Professional Services	Attorneys, accountants, inspectors, appraisers, consultants, franchise fees, investment advice, moving offices, outside services
Licenses	Professional license, city license, event permits and state licenses
Materials	Anything used to produce a product or to build or add to a project
Meals	Meals with clients, potential clients, and associates. Note: entertainment is no longer deductible
Merchant Fees	Credit card convenience fees to take payments by credit card such as merchant services Square, PayPal, etc.
Mileage	There are two ways to take a vehicle expense. If you choose mileage, you take the mileage used when picking up product, supplies, office supplies, meetings, handing out advertising or business cards, meals with clients, etc. The second option is Vehicle (see Vehicle deduction).
Office Expense other than consumables	Office supplies, computer supplies, Internet, postage, phone apps, beverage services
Office Space Rent	Rent for a separate office outside your home, rental fees for equipment booths for shows, technical equipment, storage of equipment, and records
Officer Wages	The IRS law states that an officer (owner) of a corporation, must be paid a reasonable wage for services rendered to the company. They must be paid with a W-2 just like all employees.
Printing	Brochures, forms, signs, etc.
Purchases	Any equipment, office furniture, computers, vehicles that cost over \$500
Repairs	Repairs to equipment such as computers, office equipment, non-office equipment, buildings, etc.
Research and Development	Cost to create or improve products or services. Includes materials, labor, and education

Returns and Allowances	Money refunded for returned products or services, discounts given and rebates on sales
Security	Cameras, alarm systems, guard dogs, or anything used to protect property
Shipping/Postage	Cost to mail or ship products and general postage
Small Equipment	Any equipment that costs less than \$500
Startup Costs	Costs you incur before you open the doors for business, such as setting up accounts, research, advertising, etc. Limited to \$5000 in one year
Supplies	Product samples, supplies to demonstrate products, refreshments, and supplies for meetings
Taxes	Taxes on property, payroll, sales tax, real estate, regulatory fees, business tax
Telephone	Cell phone, extra phone lines into home for business, fax, Internet, office land line
Travel	Hotels, airfare, cab fare (ex. Uber or Lyft), public transit, parking, cleaning while away from home, business trip log, bus, train, etc.
Utilities	Electricity, gas, water, sewer, trash, HOA fees for office, shop or any other facility. See Home Office deduction for deductibility of home utilities
Vehicle	There are two ways to take a vehicle expense. If you choose vehicle, you take the expense using the vehicle: fuel, parts, mechanics, oil changes, car washes, insurance, etc. Along with taking the vehicle expense you can also depreciate the vehicle. Note that unless the vehicle is used solely for the business you must track business use vs. personal use. The second option is Mileage (see Mileage deduction).
Wages	Salaries, wages, bonuses, and commissions paid to employees. An Employee is an individual who an employer controls where, when, and how the work is done, hours worked and use of equipment.
Website Expense	Internet hosting and services, website design, and maintenance