

COMMON BUSINESS DEDUCTIONS

This guide can help you determine which business expenses are tax deductible. This is not a comprehensive list and you should check with your tax accountant for details relating to your business. Source: IRS

ADVERTISING & PROMOTION

- ☐ Marketing expenses that are used to generate and keep customers.

AUTO EXPENSES

- ☐ You can deduct the actual expenses of operating a vehicle for business or take the standard mileage rate.

BAD DEBT

- ☐ You can deduct bad debt on Schedule C (Form 1040), Profit or Loss Form Business (Sole Proprietorship) or on your applicable business income tax return.

BANK FEES

- ☐ Business bank fees are deductible.

BUSINESS MEALS

- ☐ Taxpayers may still deduct business expenses related to food and beverages if certain requirements are met.

BUSINESS INSURANCE

- ☐ Ordinary and common business insurance can be deducted.

BUSINESS LOAN INTEREST

- ☐ You can write off the interest you paid on business loans.

DEPRECIATION

- ☐ Depreciation is the recovery of the cost of the property over a number of years. You deduct a part of the cost every year until you fully recover its cost.

DONATIONS

- ☐ Donations from businesses to nonprofits can qualify as a deduction.

EDUCATION

- ☐ Education expenses are valid business expenses. However, there are qualifications that must be met before expenses can be considered deductible.

EMPLOYEE & CLIENT GIFTS

- ☐ You can deduct all or part of the costs of business gifts, but those gifts will be subject to limitations. Check the IRS website for those limitations.

EQUIPMENT DEPRECIATION

- ☐ Asset depreciation allows you to plan how much money is written off each year, so you have more control over your finances.

Your
Tasks
Our
Time
Organizing Your Life One Task at a Time

HOME OFFICE EXPENSES

☐ You must show that you use your home as your principal place of business. If you conduct business at a location outside of your home, but also use your home substantially and regularly to conduct business, you may qualify for a home office deduction.

INTEREST

☐ Generally, taxpayers can deduct interest expense paid or accrued in the taxable year. However, if section 163(j) applies, the amount of deductible business interest expense in a taxable year cannot exceed the sum of:

1. the taxpayer's business interest income for the year;
2. 30% of the taxpayer's adjusted taxable income (ATI) for the year; and
3. the taxpayer's floor plan financing interest expense for the year.

LEGAL FEES

☐ Many businesses legal fees are tax deductible.

MOVING EXPENSES

☐ Many business moving fees are deductible. They may vary based on the way your business is set up.

OFFICE SUPPLIES

☐ You can deduct the cost of supplies that you use in the current year.

PROFESSIONAL FEES

☐ Ordinary and necessary business expenses can be deducted.

RENT

☐ In general, taxpayers may deduct ordinary and necessary expenses for renting or leasing property used in a trade or business. An ordinary expense is an expense that is common and accepted in the taxpayer's trade or business. A necessary expense is one that is appropriate for the business.

RETIREMENT

☐ IRA contributions may be deductible.

SALARIES & EMPLOYEE BENEFITS

☐ Wages, salary, commissions, bonuses and benefits are deductible.

STARTUP EXPENSES

☐ If your startup expenses are \$50,000 or less you can deduct up to \$5000 in your first year of business.

TAXES & LICENSES

☐ Most licenses and permits to operate legally are deductible.

PHONE & INTERNET

☐ You can claim the business use of your phone and internet as a deduction.

TRAVEL EXPENSES

☐ Many "ordinary and necessary" business travel expenses are deductible.

If you still struggle to get organized or feel overwhelmed, schedule a [free 30-minute phone consultation](#).