



**DISCOVER THE
BURIED TREASURE
HIDDEN IN YOUR
BUSINESS!**



Brought To You By:

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YOUR TAX COACH!



Recently in one of my coaching sessions, Wayne asked me if I had a list of all available business deductions. This got me thinking. I wasn't aware of any such list. So, I decided I would put together a list for him. (This list doesn't contain every possible tax deduction, but it contains many of them.)

In my discussion with Wayne, I mentioned, as I often do, that owning a business is the last legal tax shelter. Over the last several years, I've seen numerous people start their own businesses, either because they lost their jobs during the recession or because they wanted the freedom that goes along with having businesses of their own.

Many of them have found out the hard way that a lack of proper record keeping and tax planning can result in a very high income tax bill. In some cases they've gotten into trouble with either the IRS or their state taxing authority. They come to me and want to know what to do to get out of the mess they're in.

As I've said, one of the best things a business owner can do is to develop a great record-keeping system. With proper records, you have a much better chance when the auditors come knocking at your door. A lack of documentation will result in a loss of business deductions.

My recommendation is always to start immediately with proper record keeping and tax planning to minimize taxes from the beginning. This strategy will save literally thousands of dollars over the life of the business. Implementing tax planning allows business owners to legally reduce their tax bill without worry or fear of audit red flags.

Legal Tax Deductions

Let's look at what makes a business expense deductible from the IRS's standpoint. For any expense to be deductible, it must be "ordinary and necessary" in your line of business. **Ordinary expenses** are those expenses generally accepted as part of doing business in your industry. **Necessary expenses** are generally accepted as expenses that are required, and that facilitate smooth operation in your line of business.



Any expense that helps your business can be a deduction if documented correctly. You must have the required receipts, invoices, logs, calendars, and other records to back up your claim in the event of an audit.

We'll start with some of the more common deductions and then move on to industry-specific deductions. (This list does *not* contain all possible deductions; please consult IRS Publication 17 for more information.) Deductible items are arranged according to topic for easy reference, so some items may appear in more than one place.

Common Business Deductions

- Accounting and tax-preparation fees
- Advertising and marketing—includes print, radio, TV, Internet, yellow pages, Facebook, Google ads, etc.
- Automobile expenses—fuel, oil, tires, auto maintenance, auto insurance, and licenses *or* you may utilize the standard mileage method (both methods require a written mileage log)
- Bank charges—charges from your bank, merchant fees, ATM fees, etc.
- Commissions—fees paid to others as a service to your company; for example, agent fees or sales commissions
- Company parties—entire cost may be deducted if all employees are invited
- Continuing education—books, CDs, DVDs, conferences, seminars, Webinars, etc.
- Courier service—used by your business
- Depreciation—expensing of equipment over a period of time, usually ranging from three to seven years
- Disabled access—costs incurred to make your business accessible to people with disabilities (there may be some credits associated with this)
- Dues and subscriptions—Chamber of Commerce dues, union dues, membership fees that help you to grow your business, subscriptions to trade journals or magazines that help you in your business, mastermind group dues, alumni dues, MLS dues, etc.
- Employee benefits—cost of meals provided to employees (can only be deducted if there is a business reason for having them eat at work)
- Equipment and furniture—generally equipment exceeding \$500
- Equipment rental—rental of equipment used in your business
- Fees—referral fees, appraisal fees, contingent fees, miscellaneous office fees, lab fees, loan fees, etc.
- Freight or shipping—postage, UPS, FedEx, other delivery mediums
- Gifts—usually less than \$25 per recipient
- Home office—business percentage of mortgage interest/rent, property taxes, homeowners or renters insurance, utilities, home repairs, etc.
- Insurance—errors & omissions, liability, workers' compensation, etc.
- Interest—credit card, line of credit, loans, etc.
- Internet—cost of Internet service
- Janitorial—cleaning supplies, janitorial services
- Lease payments—for equipment, vehicles, etc.
- Licenses—industry required licenses, government required licenses (such as business license, etc.)
- Meals and entertainment—generally are 50% deductible (unless they are DOT meals which are then 80% deductible; see Chapter 6 for more information on this topic)
- Miscellaneous—various expenses that do not fit in a particular category; they may be infrequent in nature
- Moving costs—costs incurred to move your business from one location to another location
- Office equipment and furniture—computers, scanners, printers, copiers, desks, file cabinets, wall décor, etc.
- Office supplies—paper, toner or ink, staples, paper clips, forms, small office equipment less than \$500
- Outside or contract services—services provided by independent contractors for your business
- Payroll—salaries and wages for you and/or your staff
- Payroll taxes—employer's share of taxes owed to federal, state, or local government agencies
- Permits—permits required in the course of doing business or for particular projects
- Postage—stamps, postage machine postage, other mailing costs, etc.

- Printing—business cards, brochures, letterhead and envelopes, signs, etc.
- Professional fees—bookkeeping, payroll processing, accountant, tax preparation, business coaching, legal, etc.
- Purchases—items purchased for resale
- Refunds—refunds issued to customers/clients/patients
- Rent—building rent, storage rent, post office box rent, other rents paid in the course of doing business
- Repairs—equipment repair, building repairs, etc.
- Retirement plans—employer matching of retirement contributions for SEP, SIMPLE Plans, 401(k)’s, KEOGH, Defined Benefit Plan, etc.
- Safety equipment—safety harness, helmet or hard hat, gloves, steel toe boots, braces, etc.
- Samples—product samples
- Security—security system installation and monitoring
- Small tools or equipment—equipment costing less than \$500 used in the course of your business
- Software—software used in the course of doing business
- Supplies—miscellaneous supplies used in your business; for example, paper towels, toilet paper, extension cords, flashlights, buckets, tarps, party supplies, first aid kit, gloves, fire extinguisher, lock boxes, signs, coffee, snacks, greeting cards, etc.
- Taxes—federal or state income tax, local agencies tax, sales tax, etc.
- Telephone—business land line, cell phones (business use percentage), etc.
- Travel—airline/train/bus/taxi charges, parking fees, tolls, lodging, car rental, meals while away from home, dry cleaning or laundry services while away from home, etc.
- Uniforms—usually consists of clothing not worn in the day-to-day “normal” lives of you and your staff; may contain logos and brands, etc.
- Utilities—water, sewer, garbage, electric, natural gas, propane, cable, etc.
- Vehicles—trailers and vehicles used in your trade or business that are licensed to be driven on roads
- Web site—hosting fees, setup fees, monitoring fees, update fees, etc.

When Wayne got to the end of the list he exclaimed, “Wow! I didn’t realize there were so many deductions for a business owner to make use of.”

I told him there were additional deductions that pertained to specific industries, such as trucking, entertainment, clergy, construction, day care, sales, medical professionals, realtors, and so on.

He was curious as to some of the specialized deductions that are available to these industries, so I compiled industry-specific lists.

Long-Haul Truck Driver:

- Accounting and tax-preparation fees
- Annual DOT-required physical
- ATM fees
- Bank charges
- Batteries
- Business cards, brochures, etc.
- Car rental and gas

- CB radio
- Cell phone
- Coveralls
- Depreciation
- Dispatching fees
- Dues and subscriptions
- Employee benefits
- Equipment rental
- Fax services
- Fees
- File cabinets
- First aid kit
- Flares
- Food (may deduct actual costs or \$59/day per diem)
- Freight or shipping
- Fuel
- Gloves
- GPS/maps
- Heavy vehicle taxes
- Highway taxes
- Home office
- Ice chest/Thermos
- Insurance
- Internet
- Laundry and laundry supplies
- Lease payments
- Legal and professional services
- Licenses and permits
- Load and scale fees
- Loan interest
- Locker fees
- Miscellaneous
- Office equipment and furniture
- Office supplies
- Oil/lube/tires
- Outside or contract services
- Parking and tolls
- Payroll
- Payroll taxes
- Pilot car(s)
- Postage
- PrePass fees
- Printing
- Qualcomm fees

- Safety classes
- Safety equipment
- Salaries and wages
- Security bond
- Shower fees
- Sirius radio
- Supplies
- Tarp repairs
- Tarps
- Taxes
- Taxi
- Telephone
- Tie-downs
- Tire chains
- Toiletry supplies
- Tools
- Trade publications
- Travel
- Truck/trailer purchase
- Truck/trailer repairs
- Truck supplies
- Truck washes
- Union dues
- Web site

Construction:

- Accounting and tax-preparation fees
- Advertising and marketing
- Air compressor
- Auto repairs
- Auto/trailer licenses
- Bank charges
- Bond
- Brooms and other cleaning supplies
- Buckets
- Business cards, brochures, etc.
- Computers and other office equipment
- Conference or seminar fees
- Continuing education
- Coveralls
- Depreciation
- Diesel

- Dues and subscriptions
- Dump fees
- Employee benefits
- Equipment and furniture
- Equipment rental
- Equipment repairs
- Fees
- File cabinets
- Flashlights
- Freight or shipping
- Fuel
- Generator
- Hammers and other small tools
- Hardhats and other safety equipment
- Home office
- Insurance
- Interest
- Internet
- Janitorial
- Job materials
- Ladders
- Lease payments
- Legal fees
- Licenses and permits for jobs
- Licensing fees
- Lodging
- Meals and entertainment
- Meals—away from home
- Miscellaneous
- Office equipment and furniture
- Office supplies
- Outside or contract services
- Payroll
- Payroll taxes
- Postage
- Printing
- Professional fees, including business coaching, mastermind group, etc.
- Propane
- Rain gear
- Refunds
- Rent
- Rope
- Safety classes
- Safety equipment

- Saws and other power tools
- Security
- Small tools
- Software
- Subcontractors
- Supplies
- Taxes
- Telephone
- Tool bags
- Toolboxes
- Trade association dues
- Trade publications
- Trailers
- Travel
- Uniforms
- Utilities
- Vehicles
- Web site

Day Care Provider:

- Accounting and tax-preparation fees
- Advertising and marketing
- Arts and crafts supplies
- Automobile expenses
- Bank charges
- Business cards, brochures, etc.
- Car seats
- Child-proofing devices
- Children's books
- Computer
- Continuing education
- CPR training
- Cribs
- Depreciation
- Dishwasher
- Dues and subscriptions
- Employee benefits
- Equipment and furniture
- Fencing
- Field trips
- File cabinets
- Food and snacks (may use actual costs or standard rate)
- Gifts

- High chairs
- Home office
- Insurance
- Interest
- Internet
- Janitorial
- Legal fees
- Licenses and permits
- Miscellaneous
- Office equipment and furniture
- Office supplies
- Outside or contract services
- Payroll
- Payroll taxes
- Postage
- Printing
- Professional fees, including business coaching, mastermind group, etc.
- Purchases
- Refunds
- Rent
- Repairs
- Software
- Staff training
- Supplies, such as bottles, formula, cleaning supplies, laundry supplies
- Swing set and other yard toys
- Taxes
- Telephone
- Toys
- Trade publications
- Travel
- TV, DVD player
- Uniforms
- Washer, dryer
- Web site

Entertainer or Public Speaker:

- Accounting and tax-preparation fees
- Advertising and marketing
- Audition expenses
- Automobile expenses
- Bank charges
- Booth rental
- Business cards, brochures, etc.

- Cleaning of costumes, suits, etc.
- Commissions paid to agents, publicists, etc.
- Computer
- Conference or seminar fees
- Costumes
- Depreciation
- Dues and subscriptions
- Employee benefits
- Equipment and furniture
- Fan mail service
- Fees
- File cabinets
- Gifts
- Giveaways
- Graphic design
- Hair care
- Home office
- Insurance
- Interest
- Internet
- Janitorial
- Legal fees
- Licenses and permits
- Lodging
- Makeup
- Manicure
- Meals and entertainment
- Meals—away from home
- Miscellaneous
- Music training, arranging, recordings, etc.
- Office equipment and furniture
- Office supplies
- Outside or contract services
- Payroll
- Payroll taxes
- Portfolio expense
- Postage
- Printing
- Professional fees, including business coaching, mastermind group, etc.
- Professional photos
- Props
- Publicist
- Rehearsal hall rentals
- Rent

- Repairs—clothing, equipment, etc.
- Software
- Special shoes
- Supplies
- Taxes
- Telephone
- Thank-you gifts
- Training—music, dance, voice, etc.
- Travel
- Web site

Doctor and Other Medical Professional:

- Accounting and tax-preparation fees
- Advertising and marketing
- Answering service
- Automobile expenses
- Bank charges
- Billing service
- Briefcase
- Business cards, brochures, etc.
- Collection fees
- Conference or seminar fees
- Continuing education
- Depreciation
- Dues and subscriptions
- Employee benefits
- Equipment rental
- Fees
- File cabinets
- Gifts
- Home office
- Insurance—liability, malpractice, etc.
- Interest
- Internet
- Janitorial
- Lab fees
- Lease payments
- Legal fees
- Licenses and permits
- Meals and entertainment
- Medical equipment
- Merchant fees
- Miscellaneous

- Office equipment and furniture
- Office supplies
- Outside or contract services
- Payroll
- Payroll taxes
- Postage
- Printing
- Professional fees, including business coaching, mastermind group, etc.
- Purchases
- Reference materials/books
- Referral fees
- Refunds
- Rent
- Repairs
- Scrubs
- Security
- Software
- Special shoes
- Supplies
- Taxes
- Telephone
- Transcription services
- Travel
- Uniform cleaning and repair
- Uniforms
- Utilities
- Web site
- Workers' compensation insurance

Real Estate Professional:

- Accounting and tax-preparation fees
- Advertising and marketing
- Appraisal fees
- Automobile expenses
- Bank charges
- Business cards, brochures, etc.
- Calculator
- Chairs
- Client gifts
- Commissions
- Computer
- Conference or seminar fees
- Continuing education

- Courier service
- Depreciation
- Desk
- Desk rent
- Dues and subscriptions
- E & O insurance
- Employee benefits
- Fees
- File cabinets
- Gifts
- GPS/maps
- Home office
- Internet
- Janitorial
- Keys
- Legal fees
- Licenses and permits
- Lockboxes
- Meals and entertainment
- Memberships
- Miscellaneous
- Office equipment and furniture
- Office rent
- Office supplies
- Open-house expenses
- Outside or contract services
- Payroll
- Payroll taxes
- Postage
- Printing
- Professional fees, including business coaching, mastermind group, etc.
- Rent
- Repairs
- Signs
- Small tools
- Software
- Subcontractors
- Subscriptions
- Supplies
- Taxes
- Telephone
- Travel
- Uniforms
- Utilities

- Web site

Other Business Professional:

- Accounting and tax-preparation fees
- Advertising and marketing
- Answering service
- Automobile expenses
- Bank charges
- Briefcase
- Business cards, brochures, etc.
- Calculator
- Camera
- Chairs
- Commissions
- Computers
- Conference or seminar fees
- Continuing education
- Customer lists
- Depreciation
- Desk
- Dues and subscriptions
- Employee benefits
- Equipment and furniture
- Equipment rental
- Fees
- File cabinets
- Finance charges
- Freight or shipping
- Gifts
- Home office
- Insurance—liability, workman’s compensation, etc.
- Interest
- Internet
- Janitorial
- Lease payments
- Legal fees
- Licenses and permits
- Materials and supplies
- Meals and entertainment
- Memberships
- Merchant fees
- Miscellaneous
- Office equipment and furniture

- Office supplies
- Outside or contract services
- Payroll
- Payroll taxes
- Postage
- Printing
- Professional fees, including business coaching, mastermind group, etc.
- Purchases
- Refunds
- Rent
- Repairs
- Samples
- Security
- Small tools
- Software
- Storage fees
- Subcontractors
- Subscriptions
- Supplies
- Taxes
- Telephone
- Tools
- Travel
- Uniforms
- Utilities
- Web site

Wayne was impressed with the lengthy lists I provided him. He thanked me for the valuable information and decided he'd better take a look at his business expenses to see if he was missing important deductions. He wanted to be sure he would be ready for tax season with accurate financial information.

Summary

- Owning a business is the last legal tax shelter, so it's important to take advantage of every legal deduction that is available.
- One of the best things you can do is to develop a great record-keeping system.
- For any expense to be deductible, it must be "ordinary and necessary" in your line of business.
- Any expense that helps your business can be a deduction if documented correctly.
- Be ready for tax season with accurate financial information for the preparation of your tax returns.



Book your **FREE** consultation call with me to learn how a Tax Coach, like myself, can save you money!

Email me at diane@taxcoach4you.com

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