

Small Business Deductions Checklist



Business startup & organization expenses

Up to \$5,000 of startup cost can be expensed*



Rent & mortgage deductions

Home office**

Dedicated office building

All business costs 100% deductible

- | | |
|---|---|
| <input type="checkbox"/> Rent/Leasing Costs | <input type="checkbox"/> Mortgage interest (over length of lease or life of building) |
| <input type="checkbox"/> Property tax | <input type="checkbox"/> Repairs and Maintenance*** |

Utility Bills

- | | |
|---|--|
| <input type="checkbox"/> Broadband (Internet) | <input type="checkbox"/> Landline phone (business dedicated) |
| <input type="checkbox"/> Mobile phone | <input type="checkbox"/> Water |
| <input type="checkbox"/> Electricity | <input type="checkbox"/> Sewage |
| <input type="checkbox"/> Gas | <input type="checkbox"/> Trash collection |

Office Furniture Expenses****

- | | |
|---|---|
| <input type="checkbox"/> Desktops computers | <input type="checkbox"/> Printers |
| <input type="checkbox"/> Laptops | <input type="checkbox"/> Mouse/keyboard |
| <input type="checkbox"/> Tablets | <input type="checkbox"/> Data storage devices (USB) |
| <input type="checkbox"/> Monitors | <input type="checkbox"/> Other computer expenses |

Office Software Expenses****

- | | |
|--|--|
| <input type="checkbox"/> Purchase of software applications | <input type="checkbox"/> Cost to train employees on new system |
| <input type="checkbox"/> Subscription costs | <input type="checkbox"/> Website hosting costs |

*Expenses over \$5,000 are amortized over 180 months. Consult with your Tax Professional for more rules.

**See IRS simplified tool for home office deduction

***Leasehold improvements to building is not an expense and instead gets capitalized and amortized over the length of the lease.

****Depending on the dollar amount of the company's capitalization policy, some Furniture and Software will be considered Fixed Assets and depreciated/amortized over time.

Small Business Deductions Checklist



Rent & mortgage deductions (continued)

Office Supplies

- Packaging material
- Paper
- Toner
- Mailing material & costs
- Misc supplies (pens, pencils, paperclips, staples, etc.)

Office Maintenance & Repairs

- Property repairs
- Cleaning fees
- Equipment repairs
- Routine maintenance

Employee Expenses

- Salaries paid to employees
- Employer payroll taxes paid
- Self-employment tax*
- Retirement contributions
- Medical premiums paid by employer for employees dental or medical
- Cost paid to independent contractors**
- Payment to Dependent children for work performed (up to standard deduction is tax free for them)

Accounting Expenses

- Professional accounting fees
- Tax preparation fees
- Bookkeeping fees
- Payroll preparation fees

Legal Expenses

- Legal fees
- Cost of retainers

Vehicle Deductions***

For business (100%) and personal vehicles (based on % used in your business)

- Gas and fuel costs
- Car insurance
- Vehicle Repair and Maintenance
- Interest on vehicle loan
- Depreciation
- Registration fees
- Property tax for the vehicle (sales tax paid on purchase)
- Lease or rental payments
- Garage Rent/Parking fees
- Tolls

*Half of Self Employment Tax will be a "below the (AGI) line" credit.

**Must have been issued a 1099 over \$600.

***Can opt to use IRS simplified "Standard Mileage Rate" as opposed to tracking actual vehicle expenses.

Small Business Deductions Checklist



Rent & mortgage deductions (continued)

Advertising & Marketing Expenses

- Marketing services or agency expenses
- Billboard advertising
- Sponsorships (corporate)
- Design services
- Online advertisements (targeted paid ads)
- Media advertising (tv or radio spots)
- Trademarking and intellectual property costs*
- Costs of marketing promoting items (T-shirts, pens, cups, etc.)

Business Travel & Accommodations

- Airfare, train, coach and other fares
- Business Meals**
- Hotel or Airbnb accommodations

Loans & Bad Debts

- Loan interest for vehicles, building, and equipment
- Interest for other business loans
- Bad Debts (uncollectable accounts)

Education & Training

- Classroom or online courses
- Vocational training
- Professional dues
- One on one coaching expenses
- Continuing education or licensing costs
- Magazines, book or other educational materials

Payment & Bank Fees

- Monthly bank fees/ overdraft fees
- Wire transfer fees
- Costs to accepting credit cards

Insurance Costs

- Workers comp premiums
- Umbrella liability policy premiums

Qualified Business Income Deductions (QBI)

- Up to 20% of your profits can be a tax deduction***

*Patents and intangible assets are amortized over time

**Business meals can be 100% deductible or 50% deductible based on IRS rules

***QBI deduction is based on many factors including business type, AGI, employee wages and real property. Consult an accountant for specific QBI calculations and rules.

The information in this paper is not intended as legal or tax advice. Consult with an attorney or a tax or financial advisor regarding your specific legal, tax, estate planning, or financial situation.
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