

# BUSINESS DEDUCTIONS

## JESTAXES

Tax Preparation | Resolution & Business Support Services



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## REMEMBER

Expenses can be deducted if they are  
ordinary and necessary:



Ordinary means that someone else who has a business like yours would likely have a similar expense.



Necessary means that you needed to spend this money in order to operate your business.



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# BUSINESS DEDUCTIONS

DON'T  
FORGET

*In general, business expenses are deductible if they are reasonable costs you wouldn't have incurred if you didn't have your business. A list of common deductible business expenses follows. You may have expenses, unique to your business, that aren't on this list. If they are ordinary, reasonable, and necessary for your business, they are deductible.*

## **Advertising and promotion, including contributions that result in publicity for the business**

**Accounting, consultation, and bookkeeping fees** (including cost for preparing the business portion of your tax return)

**Bank service charges and fees**

**Car and truck expenses.** You can use either the **mileage rate method** (56 per mile for 2013, .56 per mile for 2014) or the **business-use percentage** of the actual auto expenses you incurred (gas, insurance, repairs, lease payments, or finance charges, depreciation, etc.). If you use the standard mileage rate, you can also deduct the finance charges as well. Don't forget the miles you drive on business errands such as going to the bank, picking up office supplies, and going to the post office.

**Cell phone, separate data plans, and related expenses.** If your only phone is your cell phone, the deductible portion is equal to the additional plan cost due to business use. If you have another phone line, the business use percentage of the cell phone is a business deduction.

**Credit card annual fee** for cards used in your business. If your card is used partly for business and partly for personal expenses, pro-rate the fee accordingly.

## **Computer supplies, repairs, and upgrades**

**Depreciation** on assets converted to business use from personal use (see your tax professional)

## **Dues, subscriptions, and fees**

**Education**, including seminars and conferences that increase your knowledge and skills in the current profession. However, you can't take a business deduction for the cost of education that prepares you for a new line of work or career.

## **Employee pensions and benefit programs**

**Expense reimbursements** to employees

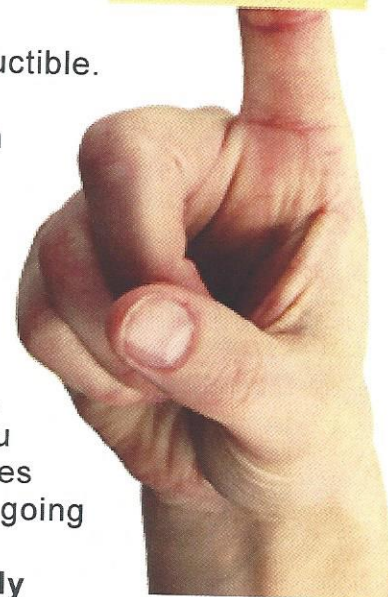
**Company picnics, business related holiday events, employee meals for the convenience of the employer.** These are 100% deductible.

**Equipment**, including computers (ask your tax professional about depreciation requirements)

## **Furniture and décor for your office or home office**

**Gifts** to business associates or clients (up to \$25 per person per year is deductible) (May qualify as Promotion)

**Home office expenses, if you qualify.** You qualify to take deduction if you have a space in your home that's used regularly and exclusively to do administrative work for your business. If you claim the deduction, you can choose to deduct the **standard rate of \$5 per square foot home office space** (not to exceed 300 square feet or \$1500) or the business percentage of all related expense (i.e. insurance, real estate tax, mortgage interest, rent, maintenance, etc.).





# BUSINESS DEDUCTIONS

Even if you don't claim the home office deduction, you still can deduct other expenses and the purchase cost of such items as a file cabinet or desk. Note: Repairs in the office are "direct" expenses and fully deductible. The business percentage is based on the size of the office relative to the homes total square footage.

**Insurance** - This includes liability, malpractice, business overhead, workers compensation, and other business-related insurance.

**Internet and email expenses used for business**

**Legal and professional fees**

**License and fees**

**Magazines and books that you need for your business.** General circulation publications, including the local newspaper, are usually not deductible.

**Maintenance and repairs on equipment and office or store space**

**Meals and entertainment**

**Office supplies**

**Parking and tolls**

**Payroll taxes that you pay on behalf of your employees (But not the taxes withheld from your employees paychecks.)**

**Postage, delivery, and freight costs**

**Printing, copying, and fax charges**

**Promotion (No deduction is allowed for your time.)**

**Reimbursements and refunds**

**Rent of equipment, storage space, and office space**

**Small furnishings, tools and equipment**

**Subcontractors and consultants (ask you tax professional regarding 1099 Filing requirements)**

**Taxes.** Business and personal property tax on assets, payroll taxes other business taxes

**Travel for business,** including cost to go to seminars and conferences. Deductible travel costs include hotels, airfare, taxis, car rentals, tips and so on. These expenses are 100% deductible. Travel meals are 50% deductible, Document travel meals separately in case it is more beneficial to use the per diem rate for meals rather than actual expenses.

**Uniforms, unique, or special work clothing (i.e. steel-toed boots or coveralls)**

**Utilities**

**Wages, commissions, and salaries paid to employees**

**Website subscriptions, hosting and fees**

**Important!** All deductions must be substantiated with written records. Written records include cancelled checks, printed receipts (especially for payments made with cash), bank statements showing debit card transactions, credit card statements and payments statements from online merchant processors such as PayPal, Google, etc. In some cases multiple documents are necessary to substantiate not only from whom something was purchased, but an identification of the item that was purchased. Special record keeping requirements apply for travel, meals and entertainment expenses, gifts and auto expenses. See your professional for details regarding these requirements.