

Business Expenses & Deductions

Income	Amount
Gross Receipts or Sales	
Returns and Allowances	
Other Income	
Sales Tax Collected	

Cost of Goods Sold	Amount
Beginning Inventory	
Purchases	
Personally Used Items	
Cost of Labor	
Materials and Supplies	
Other Costs	
Ending Inventory	

Expenses	Amount
Advertising	
Bank Fees	
Commissions and Fees	
Communications	
Contract Labor	
Did you file 1099's?	Y/N
Employee Benefit Program	
Education	
Gifts	
Health Insurance	
Insurance	
Interest	
Legal & Professional Fees	
Meals 50%	
Meals 100% (2018 law change)	
Office Expense	
Pension & Profit Sharing	
Rent or Lease	
Vehicle, Machinery, Equip.	
Repairs & Maintenance	
Supplies	
Taxes & Licenses	
Travel	
Utilities	
Wages (Employee)	
Payroll Taxes	

Vehicle Expenses	Amount
Make & Model	
Total Miles	
Business Miles	
Commuting Miles	
Loan Interest	
*Gas	
*Maintenance & Repairs	
Parking Fees	
<i>*Don't need if taking Standard Mileage Rate</i>	

Home Office	Amount
Total Home Sq Ft	
Office Square Ft	
*Rent or Mortg Interest	
*Insurance	
*Utilities (not water)	
*Repairs	
*Maintenance	
*Security System	
<i>*Don't need if taking Safe Harbor Rate</i>	

Other

Assets		
Description	Date & Purchase Amount	Business Use %

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This is not a complete list of qualifications. Please ask your tax preparer for more information.

Employees also have different rules than employers and/or the self-employed.

Home Office:

- To qualify for this deduction, the area in the home has to be used "regularly and exclusively" to perform administrative or management activities for the business, where there is no other office to do so.
- You can deduct a percentage of the rent (or mortgage interest/property taxes), insurance, utilities and repairs/maintenance based on square foot use vs the entire home footage. Utilities include Power, Gas, Communications, etc. but not water unless it is used in the course of your work. (ex. washing towels for a cleaning service.)

Vehicle Expenses:

- If you use your car for business purposes, you can deduct car expenses. You can use either the standard mileage rate or actual car expenses.
- Actual car expenses include: depreciation, lease payments, gas, insurance, repairs, oil, garage rent, tires, tolls & parking fees, etc.
- Standard mileage rate is based on the federal rate per mile. You can also include interest paid, parking fees and tolls.
- If you use your car for both business and personal, you must divide your expenses between the usages, based on the miles driven for each purpose.
- To take a deduction you need beginning and ending odometer (total mileage for the year) with a written mileage log that includes dates, places and **purpose** of the travel.

Cell Phone & Computer:

- If you use your cell phone for business, you may be able to deduct the business use percentage.
- Items such as computers, printers, etc., used for both personal and business may be deductible based on the percentage used for business.
- To take a deduction, provide total amount paid & business percentage used.

Meals: *(Note: No entertainment)*

- The deduction is 50% for meals and entertainment associated with travel and meeting with clients. You must keep record of who, what, when and **why**. Extravagant or lavish expenditures don't count.
- Meals for employees working overtime or for a staff meeting are also limited to 50%. However, promotional events, employee holiday parties and company summer picnics are still 100% deductible.

Gifts:

- Gifts are limited to \$25 per client per year. A married couple counts as one, giving to family members of clients has special rules.

Contract Labor or Employee:

- An employee is different than a sub-contractor. The simplified definition is you control the when, where and what for an employee. A contractor has more control over the when, where and what. You need to know the difference.
- If you pay any one person (non-employee) more than \$600 in the year for services, you must issue them a 1099-Misc by January 31.

Assets:

- Assets are the equipment used in your business. They are depreciated over their life expectancy rather than expensed. Any item purchased for more than \$2,500 will need to be depreciated if not expensed using Sec-179 or bonus depreciation and it is the business policy. It may not be desirable to expense up to the limit.

Inventory & Costs Of Goods Sold:

- Cost of goods sold (COGS) is the cost of acquiring or manufacturing the products that a company sells.
- The costs included in the COGS are those that are directly tied to the production of the products, such as labor, materials, and manufacturing overhead.
- Sales tax is generally collected on the sale of the product.
- $COGS = \text{Beginning Inventory} + \text{Purchases} - \text{Ending Inventory}$. Don't forget to take inventory Dec 31st.

Rents Paid:

- If you pay any unincorporated business (Inc. don't count) or individual more than \$600 in the year for rent, you must issue them a 1099-Misc by January 31.