

**SMALL  
BUSINESS TAX  
DEDUCTIONS  
CHEATSHEET**

# PART 1

## ADVERTISING AND PROMOTION

- Facebook/Instagram/Google ads
- Prints (brochures, flyers, etc)

## AUTO EXPENSES\*

Deduct Mileage at 65.5 per mile for 2023  
+ Parking Fees & Tolls  
OR:

- Car payments
- Insurance
- Gas
- Depreciation (if vehicle is owned)
- Parking and tolls
- Registration (DMV) fees
- Maintenance and repairs

## BUSINESS LICENSE AND PERMITS

- State/city/local licensing
- Industry/job specific license

## BANK FEES

- ATM fees
- Monthly service fees
- Annual fees
- Late payments
- NSF fees
- Merchant account fees
- Credit Card processing fees

## COMMUNICATION

- Cell Phone
- Landline
- Answering Services
- Subscriptions for Communication Services

## COST OF GOODS SOLD

- Materials/Supplies
- Labor

# PART 2

## CONSULTATION

General consultation

---

Financial consultation

---

Job consultation

---

## INDEPENDENT CONTRACTORS\*

Contractors

---

Outside services

---

## CONTINUING EDUCATION

Tuition

---

Books/supplies

---

Program fees

---

Trainings and workshops

---

## EQUIPMENT RENTAL

Payment processor rental

---

Industry/job specific rentals

---

Tool rental

---

Large equipment rental

---

## DUES AND SUBSCRIPTIONS

Memberships

---

Monthly/annual subscription

---

## GIFTS\*

Gifts provided to vendors or customers/clients/patients (can only deduct \$25 per person per year)

---

## INTEREST

Finance charges

---

Loan interest

---

## OFFICE EXPENSES

Delivery items (coffee, water, etc)

---

Supplies (paper, ink, etc)

---

# PART 3

## LEGAL AND PROFESSIONAL

- Legal consultation and fees
- Accounting
- Bookkeeping
- Financial Advisor
- Industry/Job specific fee

## MARKETING

- Agency Fees
- Surveys
- Development of advertising
- Social Media monitoring/participation
- Sponsorships

## MEALS\*

- Restaurants
- Fast Food

Meals are usually deducted by 50% depending on the purpose of the meal. Consult with your tax preparer.)

## INTEREST

- Finance charges
- Loan interest

## INSURANCE

- General
- Liability
- Workers Compensation
- E&O Insurance

## POSTAGE AND SHIPPING

- Stamps
- Certified mail
- Delivery
- Freight costs

# PART 4

## OFFICE

Rent or mortgage

---

Insurance

---

Utilities

---

Maintenance and repairs

---

## HOME OFFICE DEDUCTIONS\*

*Divide sq ft of office by total sq ft of house, then multiply the expenses with this percentage to obtain the actual amount you're able to deduct.*

## TRAVEL

Lodging

---

Car rental/transportation service

---

Airfare

---

## UNIFORMS\*

Shirts, hats, etc

---

*Must have your business logo/name on the item to be deductible*

## SECURITY

Security/surveillance services

---

Subscriptions for security

---

Security-related products  
(Ring doorbell, etc)

---

## SOFTWARE

Accounting/Invoicing/Bookkeeping

---

Credit Card Processing

---

Form Template

---

CRM

---

Project/Industry/Job-specific software

---

## UTILITIES

Water

---

Sewage

---

Trash/waste removal

---

Electricity

---

Internet

---

Cable

---

# PART 5

## OTHER EXPENSES

- Commissions

---
- Discounts

---
- Furniture\*

---
- Janitorial

---
- Large/Expensive Equipment\*

---
- Laundry and Cleaning

---
- Medical expenses - only deductible if you run payroll through your business

---
- Meetings

---
- Payroll expenses (processing, taxes, wages, etc)

---
- Recruiting

---
- Referrals

---
- Storage

---
- Supplies that are industry/job specific

---
- Tools

---
- Training

---

## NOTE: TOP 10 MOST OVERLOOKED DEDUCTIONS

- Automobile Expenses

---
- Home Office\*

---
- Start-Up Costs\*\*

---
- Bank/Paypal/Credit Card Fees

---
- Internet/Phone

---
- Utilities

---
- Business Membership Fees

---
- Postage and Shipping

---
- Fees for services (ex. Stamps.com)

---
- Coaching, Mentoring, Seminars

---

\*Space used exclusively for your business

\*\*Supplies and equipment needed to start business

### *Consult a Tax Professional*

Please consult a tax preparer/professional when including the expenses with the \* next to them - they might have special requirement.

It is important to always consult a tax professional when filing your own taxes, especially for your business taxes.

# HOME OFFICE EXPENSES

Generally, there are two basic requirements for the taxpayer's home to qualify as a deduction:

- 1. Exclusive and regular use.** The room must be used exclusively to conduct your business activities on a regular basis. For example, if you work in your guest room/kids room/gym room, it is not qualified to deduction.
- 2. Principal place of your business.** - this office is the main place you conduct your business. You may still qualify if you use other venues to meet clients, customers, etc but the normal day-to-day operations is conducted in your home office.

A separate structure not attached to the home qualify for the home office deduction only if the structure is used exclusively and regularly for business.

If you meet those criteria for your home office, choose one between below two methods:

1. **Using simplified method.** Multiply \$5 by total sq ft of home office to obtain the actual amount you're able to deduct. Maximum amount allowed is \$1500 per year.

2. **Using regular method.** Divide sq ft of office by total sq ft of house, then multiply the expenses with this percentage number to obtain the actual amount you're able to deduct.

Total Square Feet of Home:	_____
Total Square Feet of Office:	_____
Total Square Feet of Home/ Total Square Feet of Office (a):	_____
Total home expenses (b):	_____
Deduction amount (a) x (b)	_____

Example: My home is 1000 square feet in total, my office is 300 square feet.

Using simplified method:  $\$5 \times 300 = \$1500$  deduction

Using regular method: the percentage that I can use is 30%. ( $300/1000 = .3$ ) My monthly rent is \$1,500. So if I multiply my rent by my percent I get to write off \$450 per month ( $\$1,500 \times .3 = \$450$ ) for rent for my home office expense.

Still in doubt if your home office are qualifies? Read official IRS guide [HERE](#) for more information.

# INDEPENDENT CONTRACTOR INFORMATION

If you paid someone who is not your employee, such as a subcontractor, attorney or accountant \$600 or more for services provided during the year, the first step is to have the contractor complete Form W-9. This form should be kept in your files for four years in case of any future questions about the worker.

Next step is to complete a Form 1099-NEC for each contractor. A copy of 1099-NEC must be provided to the independent contractor by January 31 of the year following payment. You must also send a copy of this form to the IRS by January 31.

**Note:** For attorney services, you'll need to file a 1099-NEC regardless of the amount you've paid them. Also, it is required file a 1099-NEC in any dollar amount if you've withheld Federal taxes for the payee.

Link to the online 1099-NEC form  
<https://www.irs.gov/pub/irs-pdf/f1099nec.pdf>

Link to the online W-9 form:  
<https://www.irs.gov/pub/irs-pdf/fw9.pdf>

W9 form can be purchased at any major office supply store OR from the IRS website for free (form ordered from IRS website are carbon copies so you'll need to hand-write of use a typewriter).

Link to order W9 form on the IRS website:

<https://www.irs.gov/businesses/online-ordering-for-information-returns-and-employer-returns>

*Notes:*

---

---

---

---

---

---



# OUTSIDE SERVICES OR CONTRACTOR TRACKER

## CONTRACTOR INFORMATION

Filled out W9 (tick if Yes)

If W9 is not filled, use this tracker to note:

Full name: \_\_\_\_\_ EIN/SSN: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_

Amount paid: \_\_\_\_\_

Filled out W9 (tick if Yes)

If W9 is not filled, use this tracker to note:

Full name: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_

Amount paid: \_\_\_\_\_

Filled out W9 (tick if Yes)

If W9 is not filled, use this tracker to note:

Full name: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_

Amount paid: \_\_\_\_\_

Filled out W9 (tick if Yes)

If W9 is not filled, use this tracker to note:

Full name: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_

Amount paid: \_\_\_\_\_

# FIVE COMMON TAX DEDUCTION ERRORS THAT COULD LEAD TO IRS ISSUES

*\*\*\*Exercise caution to avoid attempting to deduct an excessive or unjustifiable amount. If you can't provide a clear explanation of the expense to an auditor, it's best not to claim it as a deduction. Keep in mind that deductions are intended for legitimate and routine expenses related to your business.\*\*\**

1. **Clothing** - You cannot deduct expenses for what you consider as "business" attire or items purchased exclusively for a business event.

A practical guideline for clothing deductions is whether the item bears your business logo or is essential for your specific type of work. This excludes typical "street clothes" or outfits worn in non-work settings.

## Write-Off Examples:

- T-shirts, sweaters, polos, hats, etc. with your logo on it
- Hard hats, steel toe shoes, etc (any protective gear)
- Theatrical costumes
- Non-Write-Off Examples:
- Suit or dress for the super important business trip/conference
- Work out gear (even if you're a fitness professional)

2. **Services or products that "make you look good"**- make up, mani/pedis, haircuts, massages, etc. are not eligible for tax write off

3. **Mileage to your workplace** - You are unable to claim mileage deductions for commuting to your primary business location, particularly if your workplace is your home.

4. **Crowdfunding donations** - Contributions made to GoFundMe campaigns are generally not eligible for tax deductions. However, it's still a wonderful gesture to extend your support whenever you can.

5. **Entertainment** - Due to recent modifications in tax regulations, it is no longer feasible to claim deductions for entertainment expenses, such as concert tickets, movie outings, and events, even when they involve clients or vendors. Nevertheless, you can still deduct the expenses related to meals consumed during these events. The actual entertainment costs are not eligible for tax write-offs.

# Need *help* with your finances?

Our team is ready to serve you!



630-936-5596



ify@jiladvisors.com



[Click here to schedule a FREE 30 minute consultation](#)

## *Let's connect!*