

20 Tax Deductions for Small Business Owners

1. Advertising-Ads placed for marketing the business, website design and set up, printing cost for business card or flyers.
2. Business Meals- You can deduct up to 50% of business-related meals
3. Rent- Payments made for renting an office used to work from or a warehouse/storage used to store inventory
4. Home Office- Home based small businesses can deduct \$5/square foot, up to 300 square feet. The area must be used exclusively for the business to qualify for the deduction.
5. Phone and Internet Expenses-All expenses from phone and internet are deductible. If using the phone and internet for both personal and business-50% of the expenses can be deducted
6. Business Insurance-Insurance related to the business. If using home office to run business-renters insurance is deductible.
7. Repairs and Maintenance-Repairs required for office or equipment used to run business
8. Depreciation- Depreciating large items purchased like machinery or a vehicle over the useful lifetime of that item, rather than deducting the entire cost in a single tax year.
9. Education-All costs must be related to the business, improve skills, maintain expertise for the business. Includes: Courses, seminars, webinars, subscriptions, books that are related to the business or industry
10. Bank Fees and Interest-Monthly service fees from the bank or credit card accounts can be deducted. As well as interest fees charged from a loan or credit card
11. Office Supplies-Pens, paper, computers, printers, software
12. Business Vehicles-When a vehicle is used entirely for business purposes- all expenses related to the vehicle can be deducted. This includes fuel, repairs, registration, loan payment.
If using the vehicle for both, must use the vehicle for at least 50% for the business. You can claim mileage by deducting the actual miles used for traveling for the business or by taking the standard deduction of \$0.70 per mile.
13. Startup Expenses-Any costs related to starting the business-business license, corporation filing, software, computer, training, advertising.
14. Legal and Professional Services- Legal services, consulting, bookkeeping, tax preparation, marketing services

- 15. Travel Expenses-Must be necessary for the business, be for more than one business day and outside of your tax home
- 16. Salaries and Benefits- Salary paid to employees and benefits
- 17. Charitable Contributions-Charitable donations made to qualifying organizations
- 18. Retirement Contributions-IRA contributions cannot be more than the total income earned that year
- 19. Client and Employee Entertainment-Must discuss business during outing to deduct. 50% of entertainment costs can be deducted. 100% of costs for social events held for employees can be deducted.
- 20. Bad Debts- Payments owed that are not able to be received for services or products provided

Reference:

<https://www.irs.gov/forms-pubs/guide-to-business-expense-resources>

Crabtree & Associates, LLC