



# The Big List of Small Business Tax Deductions

For startups, small businesses, real estate investors, & entrepreneurs

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# A

Abandonment of property used for business purposes

Accounting & auditing expenses, such as

- Auditing of your books and accounts
- Costs of bookkeeping
- Costs of tax strategy preparation
- Costs of preparing & filing any tax returns
- Costs of investigation of any tax returns
- Costs of defense against any IRS or state agency audits or challenges

Accounts receivable, worthless

Achievement awards-requires plan

- Longevity award
- Safety award
- Sales award

Advances made to employees or salespeople where repayment is not expected

Advertising expenses, such as:

- Advertising in
  - newspaper
  - magazine
  - radio
  - other media
- Prizes & other expenses in holding contests or exhibitions
- Contributions to various organizations for advertising purposes
- Cost of displays, posters, etc. to attract customers
- Publicity - generally speaking, all costs incl. entertainment, music, etc.
- Christmas present to customers or prospects - de minimis rule

Alterations to business property, if minor

Amortization

Attorney's fees and other legal expenses involving:

- Tax strategy
- Drafting of agreements, resolutions, minutes, etc.
- Defense of claims against you
- Collection actions taken against others
- Any other business-related legal activity

Auto expenses for business purposes, such as:

- Damage to auto not covered by insurance
- Gasoline
- Oil
- Repairs and maintenance

## A

Auto expenses for business purposes, such as (continued):

- Washing and waxing
- Garage rent
- Interest portion of payments
- Insurance premiums such as fire, theft, collision, liability, etc.
- Lease payment
- License plate
- Driver's license fee
- Depreciation
- Wages of chauffeur
- Section 179 deduction, for a qualified vehicle

## B

Bad debts - if previously taken into income

Baseball/softball/soccer team equipment for business publicity

Board & room to employee:

- All meals and lodging if for employer's benefit
- Temporary housing assignment

Board meetings

Bonuses as additional compensation to employees

Building expenses, used for business, such as:

- Repairs to building
- Janitorial service
- Painting
- Interest on mortgage
- Taxes on property
- Water
- Rubbish removal
- Depreciation on building
- Heating
- Lighting
- Landscaping

Burglary losses not covered by insurance

Business cost of operating office

Business taxes - except federal income taxes

## C

Cafeteria plan - requires written plan

Capital asset sale - losses

Car & taxi fares

Casualty damages, such as:

- Bombardment
- Fire
- Storm
- Hurricane
- Drought
- Forest fire
- Freezing of property
- Impairment or collapse of property
- Ice
- Heat
- Wind
- Rain

Charitable contributions

Checking account bank charges

Child care - requires written plan

Children's salaries

Collections expenses incl. attorney's fees

Commissions on sales of securities by dealers in securities

Commissions paid to agents

Commissions paid to employees for business purposes

Commissions paid to salesmen

Condemnation expenses

Contributions (deductible if made to an organization founded for the following purposes, subject to some limitations):

- Religious
- Charitable
- Scientific
- Literary
- Educational
- Prevention of cruelty to children and animals

Convention expenses, cost of attending conventions

Cost of goods

Credit report costs

## D

Daycare facility

Depletion

Depreciation

Discounts allowed to customers

Dues paid to:

- Better Business Bureau
- Chamber of commerce
- Trade associations
- Professional societies
- Technical societies
- Protective services association

## E

Education assistance - requires written plan

Embezzlement loss not covered by insurance

Employee welfare expenses, such as:

- Dances
- Entertainment
- Outings
- Christmas parties
- Shows or plays

Endorser's loss

Entertainment expenses

Equipment, minor replacements

Equipment purchases - may require capitalization & depreciation

Equipment repairs

Exhibits and displays, to publicize your products

Expenses of any kind directly chargeable to business income, such as:

- Renting of storage space
- Safe deposit boxes
- Upkeep of property
- Books to record income and expenses or investment income
- Experimental and research expenses

## F

Factoring  
Fan mail expenses  
Fees for passports necessary while traveling on business  
Fees to accountants  
Fees to agents  
Fees to brokers  
Fees to investment counsel  
Fees to professionals for services rendered  
Fees to technicians  
Fire loss  
Forfeited stock  
Freight charges

## G

Gifts to customers - limit \$25  
Gifts to organized institutions, such as:

- Religious
- Charitable
- Scientific
- Literary
- Educational

Group term insurance on employees' lives  
Guarantors loss

## H

Health insurance  
Heating expense  
Hospitals, contributions to

I  
Improvements, provided they are minor

Insurance premiums paid

Interest on loans of all kinds for business purposes, such as:

- On loans
- On notes
- On mortgages
- On bonds
- On tax deficiencies
- On installment payments of auto, furniture, etc.
- On margin account with brokers
- Bank discount on note is deductible as interest

Inventory loss due to damages

Investment counsel fees

L  
Lawsuit expenses

Legal costs

- In defense of your business
- In settlement of cases
- Payment of damages

License fees

Lighting

Living quarter furnished employees for business's benefit

Losses, deductible if connected with your business or profession, such as:

- Abandoned property
- Account receivable
- Auto damage caused by fire, theft, heat, storm, etc.
- Bad debts
- Bank closed
- Bonds
- Building - damaged
- Burglary
- Business ventures
- Capital assets
- Damages to property or assets
- Deposit forfeiture, on purchase of property

## L

Losses, deductible if connected with your business or profession, such as (continued):

- Drought
- Embezzlements
- Equipment abandoned
- Forced sale or exchange
- Foreclosures
- Forfeitures
- Freezing
- Goodwill
- Loans not collectible
- Theft
- Transactions entered into for profits

## M

Maintenance of business property  
Maintenance of office, store, warehouse, showroom, etc.  
Maintenance of rented premises  
Management costs  
Materials  
Meals, subject to limitations  
Membership dues  
Merchandise  
Messenger services  
Moving costs  
Musician expenses

## N

Net operating loss - may be forward against future years' income  
Newspapers



## O

Office expenses, including:

- Wages
- Supplies
- Towel service
- Heating and lighting
- Telephone and telegraph
- Repairs
- Refurnishing, minor items
- Decorating
- Painting

Office rent

Office rent - portion of home used for business

Office stationery and supplies

## P

Passport fees

Pension plans - must be properly drawn

Periodicals

Physicals fitness center

Plotting of land for sale

Postage

Professional society dues

Property depreciation

Property maintenance

Property repairs

Publicity expenses

## R

Real estate expenses of rental or investment property, including:

- Taxes of property
- Insurance
- Janitorial services
- Repairing
- Redecorating

## R

Real estate expenses of rental or investment property, including (continued):

- Painting
- Depreciation
- Supplies
- Tools
- Legal expenses involving leases, tenants, or property
- Bookkeeping
- Property management
- Utilities
- Commissions to secure tenants
- Maintenance - heating, lighting, etc.
- Advertising for tenants
- Cost of manager's unit, if on-site and at employer's convenience

Rebates on sales

Refunds on sales

Rent settlement - cancel lease

Rental property expenses, such as:

- Advertising of vacant premises
- Commissions to secure tenants
- Billboards & signs

Rent collection expense

Rents paid, such as:

- Business property
- Parking facilities
- Safe deposit boxes
- Taxes paid by tenant for landlord
- Warehouse and storage charges

Repairing of business property, such as:

- Alterations, provided they are not capital additions
- Casualty damages, replaced, provided they are not capital additions
- Cleaning
- Minor improvements
- Painting

Redecorating

Repairing furniture, fixtures, equipment, machinery, and buildings

Roof repairs

Royalties

## S

Safe deposit box rental

Safe or storage rental

Salaries

Sample room

Selling expenses, such as:

- Commissions and bonuses
- Discounts
- Entertainment
- Prizes offered in contests
- Publicity and promotional costs
- Rebates

Services, professional or other necessary

Social Security taxes paid by employers

Stationery and all other office supplies used

Subscriptions to all trade, business, or professional periodicals

Supplies, office or laboratory

## T

Taxes, all taxes paid except federal income taxes, such as:

- City gross receipts tax
- City sales tax
- State gross receipts tax
- State sales tax
- State unemployment insurance tax
- Federal Social Security tax
- State income tax
- State unincorporated business tax
- Real estate tax
- Tangible property tax
- Intangible property tax
- Customs, import, or tariff tax
- License tax
- Stamp taxes
- Any business tax, as a rule
- Auto registration tax
- Safe deposit tax

## T

Taxes, all taxes paid except federal income taxes, such as (continued):

- Membership dues tax
- Gasoline tax
- Admission tax

Telephone and telegraphs

Traveling expenses, including:

- Meals
- Tax Fare
- Rail Fair
- Airfare
- Tips
- Telephone
- Telegrams/tax
- Laundry and cleaning

## U

Unemployment compensation taxes paid by employer

Uniforms furnished to employees

## W

Wages

Workmen's compensation fund contributions