

# DEDUCTIONS FOR SMALL BUSINESS OWNERS



Business Trips



Office equipment/supplies



Internet



Education



Home Office



Mobile Phone



Travel/Mileage



Promo Items



# BUSINESS TRAVEL EXPENSES

**Ordinary and necessary.** Lavish, extravagant or personal expenses are not tax deductible!

Expenses include transportation, baggage, car rentals, lodging, meals, and tips

You cannot deduct the travel expenses for your family

- What about the hotel room we stay in?

What about travel primarily for personal but I did some work?

What records do I need to keep?



# HOME OFFICE DEDUCTIONS

## TWO METHODS:

**Simplified** =  $\$5 * \text{SQFT}$  of the office

**Regular Method** = Insurance, utilities, general repairs, property taxes, mortgage interest or rent \* % of home office



The regular method generally gets you a bigger deduction but requires more documentation.



# MILEAGE & CELL PHONE

**Cell phone deduction:** You can deduct the business portion of your monthly cell phone bill.

**EXAMPLE**  
 Cell phone bill is \$85 per month and it's used for business 45% of the time  
**Tax deduction = \$38.25**

## How do I know what the business portion is?

**Mileage:** 65.5 per business mileage

Documentation requirements:

- Log that shows the distance
- Business miles driven
- Date & purpose

 <b>IRS Compliant Mileage Log</b>						
NAME		TITLE	DEPARTMENT	PERIOD COVERED		
John Smith		Department Head	Administration	mm/dd/yyyy to mm/dd/yyyy		
Date	Destination	Purpose	Odometer Reading		Miles Traveled	Running Total Miles
			Beginning	Ending		
mm/dd/yyyy	Head Office	Monthly Department Head Meeting	214785	214797	12	12



# PROMOTIONAL ITEMS

What about sending gifts to a client or branded merch?

Customizing items with your business name or logo make it fair game for an advertising write-off. Just keep your receipts!



# EDUCATION & OFFICE EXPENSES

## EDUCATION

- Seminars, continued education, online courses, and more are eligible to be deducted if they are attributable to your current business model.
- If courses qualify you for new trade or business, most likely not deductible.

## OFFICE EXPENSES

- Purchases for paper, envelopes, computer charges are all tax deductible. Use your business account to make these purchases.
- What about personal items that contributed to the business, like a desk chair?

# OTHER HANDY TIPS

- Don't mix personal and business spending! Open different accounts and stick to it.
- That means pay yourself from your business account to your personal account.
- Build spending reviews into your normal business routine. If you are looking once a year at tax time, that's usually too late.



# COMPLIANCE CALENDAR & DEADLINES

**March 15**

Due date to file or extend  
pass-through tax returns

**June 15**

Pay Q2 estimated tax payment

**October 15**

Due date to file extended  
1040 tax returns

**January 15**

Pay Q4 estimated  
tax payment

**April 15**

- Due date to file or extend  
1040 tax return
- Pay your tax bill to avoid  
penalties
- Pay Q1 estimated tax payment

**September 15**

- Due date to file extended  
pass-through tax returns
- Pay Q3 estimated tax  
payment

**December 1**

Review the books and get  
with your tax preparer to  
discuss tax balances,  
retirement account funding



# WHEN DO I NEED A CPA AND HOW DO I FIND ONE?

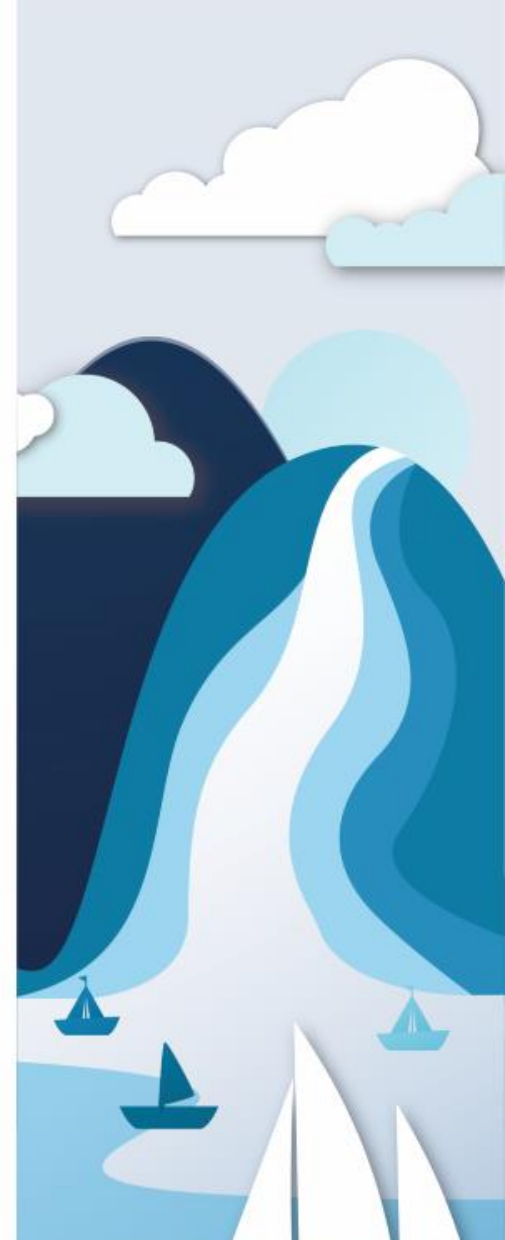
## *When*

I recommend building a team of professionals that include lawyers and CPAs once you're ready to launch.

## *How*

The best place to find a CPA is through your professional network, such as Facebook groups or in-person networking events like Ascend.

If you still aren't having any luck, find accountants online in your area and give them a call.



# WHAT'S NEXT?

## S-CORP?

- What is an S-Corp?
- Why would I want to make an S-Corp election?
- How do I do it?
- When do I do it?
- How much does this cost?

	Sole Proprietorship	LLC	S-Corp
Protects you from business debt/liabilities	✗	✓	✓
You are responsible for self-employment tax	✓	✓	✓
No restrictions on your salary	✓	✓	✗
Admin difficulty	●○○	●○○	●●●
Set up difficulty	No setup needed	●○○	●●●
Set up cost	Free	\$\$ <small>Varies by state</small>	\$\$\$ <small>Varies by state</small>