

*The information provided does not, and is not intended to, constitute legal or tax advice, and is provided for informational purposes only.*

## Business Write-offs for Freelancers

With the ever-increasing number of people doing freelance work to supplement their wages, the question often asked is what can I deduct on my taxes?

Below is a list of **common deductions**.

- Business license
- Advertising
- Fax
- Website domain
- Legal
- Dues
- Memberships
- Office Supplies
- Rent
- Parking
- Tolls
- Milage
- Professional development - seminars
- Liability insurance
- Postage
- Software-QuickBooks, Adobe....
- Cell phone
- Internet
- Professional subscriptions
- Equipment-cameras, phones, computers
- Office furniture
- Professional supplies - film, batteries, USB drives....
- Reproduction costs
- Business meals



Remember, you must be able to **substantiate business deductions**. This means you must keep good records. Use spreadsheets or accounting software to track your revenue and expenses. If you use an item for both business and personal, you must be able to justify your allocation to business use if you get audited. For example, your internet and cell phones are probably not 100 % deductible.

Keeping personal and business expenses separate. It's a good idea to get a separate business checking account and even a separate credit card. These should be used exclusively for business receipts and expenditures.

**Home office deductions** are available. Note, however the IRS has strict rules for using this deduction. I prefer to use the IRS simplified method (\$5.00 per square foot up to a maximum of 300 square feet). Note, the home office deduction is only

available to the self-employed (which includes part-time freelancers). Note further, that the space must be used exclusively for business. You can't claim a home office for work you do on the kitchen table where you also eat.

A note on **taxes**. As a self-employed individual you should set aside a portion of your income for income taxes. Also, consider making **quarterly estimates**. In addition to income taxes, you are also responsible for your share of Medicare and Social Security.

Below are useful links:

<https://www.irs.gov/newsroom/irs-issues-standard-mileage-rates-for-2022>

<https://www.irs.gov/businesses/small-businesses-self-employed/self-employed-individuals-tax-center#Obligations>

<https://www.irs.gov/newsroom/how-small-business-owners-can-deduct-their-home-office-from-their-taxes#:~:text=The%20home%20office%20deduction%20allows,their%20primary%20place%20of%20business.>

<https://www.irs.gov/businesses/small-businesses-self-employed/what-kind-of-records-should-i-keep>

<https://www.irs.gov/publications/p535>

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