



GENERAL SOLE PROPRIETORSHIP BUSINESS EXPENSES

ACCOUNTING (BOOKKEEPING – DO NOT INCLUDE OUR FEES)

ADVERTISING, MARKETING AND PROMOTIONS

BANK FEES, CREDIT CARD FEES AND MERCHANT FEES

COMMISSIONS

INDEPENDENT CONTRACTORS

INSURANCE- GENERAL BUSINESS

INSURANCE- ERRORS & OMISSIONS

INSURANCE – WORKERS COMPENSATION

INTEREST – LINES OF CREDIT/CREDIT CARDS

INTEREST – MORTGAGE (NOT FOR HOME OFFICE)

JANITORIAL EXPENSE

LAUNDRY AND CLEANING

LEGAL AND PROFESSIONAL FEES (INCLUDING TAX FEES)

LICENSES AND PERMITS

OFFICE EXPENSES

OUTSIDE SERVICES (PAID TO OTHER BUSINESSES)

POSTAGE

PRINTING AND COPY EXPENSE

PROFESSIONAL MEMBERSHIPS

RETIREMENT CONTRIBUTIONS FOR EMPLOYEES

RETIREMENT CONTRIBUTIONS FOR OWNER(S)

RENTAL OF VEHICLES, MACHINERY OR EQUIPMENT

RENTAL OF SPACE OR PROPERTY

REPAIRS

SECURITY



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START UP EXPENSES

(See below for what startup expenses are)

SUPPLIES

PAYROLL TAXES

TAXES – PROPERTY

TAXES- SALES TAX

EQUIPMENT

PER THE IRS: <https://www.irs.gov/newsroom/heres-how-businesses-can-deduct-startup-costs-from-their-federal-taxes>

Business start-up costs

Start-up costs are amounts the business paid or incurred for creating an active trade or business, or investigating the creation or acquisition of an active trade or business. Start-up costs include amounts paid or incurred in connection with an existing activity engaged in for profit, and to produce income in anticipation of the activity becoming an active trade or business.

Start-up costs include amounts paid for the following:

- An analysis or survey of potential markets, products, labor supply, transportation facilities, etc.
- Advertisements for the opening of the business.
- Salaries and wages for employees who are being trained and their instructors.
- Travel and other necessary costs for securing prospective distributors, suppliers, or customers.
- Salaries and fees for executives and consultants, or for similar professional services.



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COMMUNICATIONS - TELEPHONE¹⁶-BUSINESS
(EXCEPT CELL PHONE)

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COMMUNICATIONS¹⁷-CELL PHONE
(BUSINESS USE PORTION ONLY)

--

COMMUNICATIONS - INTERNET

--

COMMUNICATIONS - OTHER

--

TOTAL COMMUNICATIONS

--

TOOLS AND TOOL MAINTENANCE

--

TRAVEL¹⁸

--

BUSINESS MEALS WITH CLIENTS

¹⁹

--

ACTUAL AMOUNT OF TRAVEL MEALS
(MUST BE AWAY FROM HOME OVERNIGHT)

--

OR PER DIEM²⁰TO BE CALCULATED BY OUR FIRM - JUST COMPLETE CITIES AND NIGHTS

CITY	NUMBER OF NIGHTS	M&I RATE PER IRS	TOTAL

TOTAL USING PER DIEM METHOD

--

UNIFORMS (Clothing which is not suitable for street wear)

--

UTILITIES (NOT FOR HOME OFFICE)²¹

--

WAGES PAID TO EMPLOYEES

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¹⁶ Do not include basic home telephone service cost. Any communications related deduction must be carefully supported to break out personal and business use.

¹⁷ As with all telephone expenses, this deduction must clearly break out business from personal use. Do not just include 100% as it will damage your credibility in an audit.

¹⁸ DO NOT INCLUDE MEAL EXPENSES - Include airfare, hotel, rental car and local transportation expenses. You must maintain a record of the reason for the travel, including correspondence and conference information in order to establish the business purpose of the travel. You must retain a copy of a receipt for any lodging expense.

¹⁹ You must have receipts for all expenses over \$75. In addition, you must have a record

Howard Tax Prep LLC Auto Expense Worksheet

Person Submitting form

Your Name _____ Cell Phone _____

Primary Email _____

Tax Year _____ Date Worksheet Completed _____

Is this an update to a previously submitted worksheet? Yes No

Note: We need total miles driven (beginning and end odometer readings). In other words, we need more than just the business miles. Why? Good question. Sales taxes, and loan interest can be added to the mileage deduction but only the business use percentage. As such we need total miles and business miles.

Mileage Information

Vehicle #1

Vehicle #2

Year, Make and Model _____

Start Date for Business Use _____

End Date for Business Use (if applicable) _____

Odometer on Jan 1 or Start Date _____

Odometer on Dec 31 or End Date _____

Personal Miles _____

Commuting Miles _____

Business Miles* _____

Tolls Paid for the year _____

Parking Paid for the year _____

Interest on Auto loan paid for the year _____

Repairs/Tires/Tows _____

Gas/Oil Changes/AAA membership _____

* Business miles will be the difference of ending odometer less starting odometer, personal miles and commuting miles

Business Connection

Briefly describe how this vehicle(s) is used in conjunction with your non S-Corp small business below-

Actual Expenses

Do you think your actual expenses will exceed the mileage rate (currently 58.5 for the 1st 6 months of the 2022, and 62.5 cents per mile for the last 6 months of 2022)? Before you say Yes, consider that you can only deduct the business portion of your actual expenses. For example, you drive 10,000 miles and 2,500 miles were for business, a total of 25%. A set of tires for \$800 will only yield a \$200 deduction (25%). Having said this please list your costs associated with gas, oil, tires, service and repairs, modifications, insurance, lease payments, registration, & titling below-

Generally speaking, the mileage rate will still exceed actual expenses, but we can deduct the higher of the two. **If you deduct actual expenses in any tax year, you cannot switch back to the mileage deduction.** Regardless, you still must submit the miles above in addition to expenses.

Mandatory IRS Due Diligence

- | | | |
|---|---------------------------------|---------------------------|
| Do you have another vehicle available for personal use? | <input type="radio"/> YES | <input type="radio"/> NO |
| Do you have written evidence or a mileage log?* | <input type="radio"/> YES | <input type="radio"/> NO |
| Were you reimbursed for any travel expense including mileage? | <input type="radio"/> YES | <input type="radio"/> NO |
| Is the vehicle(s) in your name (or spouse) or business? | <input type="radio"/> ME/SPOUSE | <input type="radio"/> BIZ |

Mileage Log

Mileage is one of the most incorrectly deducted expenses, and therefore it is one of the most scrutinized by the IRS. Easy money for them. First, you need to prove you own the vehicle(s). Next, you need to keep track of your beginning and ending odometer readings, and have that data corroborated by service receipts. Therefore, it is a good idea to make copies of service invoices such as Jiffy Lube since these companies record odometer readings. Lastly, you need to keep track of the date, the business miles driven and the business connection.

We do not normally need to see your mileage log. In some cases, we might. We always suggest using a smartphone app to track your mileage via GPS which also emails you a mileage log compilation. Very nice. Remember, a written log is required to be maintained by you, and can be requested anytime by the IRS during an examination. Memories grow short- keep up with this requirement.

Lease

Leased vehicles have a lease inclusion which reduces your deduction by a few dollars. But, this inclusion only affects you if you use actual expenses versus the mileage rate. If you believe your actual expenses will exceed the mileage rate, AND this vehicle is leased, please provide the purchase price, the purchase date, and the term (length) of the lease below-

Loan Interest, Taxes

Even if you use the mileage rate as your method of deduction, the loan interest paid on your vehicle is deductible to the extent of business use. For example, if your interest was \$5,000 and the business use was 10% (using miles) then you receive another \$500 deduction on top of your mileage rate. Wait! There is more. We deduct the tax portion of your auto registrations with your mileage deduction to reduce your self-employment taxes even more. Therefore, we need two numbers. We need the loan interest paid on your vehicle for the tax year and the taxes associated with your auto registrations below-

Disclosure

I(We) verify that the information provided in this **Vehicle Expense Worksheet** is accurate and complete. I(We) understand it is my(our) responsibility to include any and all information concerning income, deductions and other information necessary for the preparation of my (our) personal income tax return.

Taxpayer Signature _____ Date_____

Printed Name _____

Spouse Signature _____ Date_____

Printed Name _____

Please call or email us at admin@howardtaxprep.com anytime with your questions and concerns. Thank you in advance, and we look forward to working with you!

Howard Tax Prep LLC

**EVEN IF YOU COMPLETED THIS TAX FORM THE YEAR BEFORE, YOU NEED TO
COMPLETE A NEW FORM FOR THE CURRENT TAX YEAR**

Person Submitting form

Your Name _____ Cell Phone _____

Primary Email _____

Tax Year _____ Date Worksheet Completed _____

Is this an update to a previously submitted worksheet? Yes No

Your home office will qualify as your principal place of business if you use it **exclusively and regularly** for administrative activities, and you have no other fixed location where you conduct substantial administrative activities. For example, you cannot claim a home office deduction if you occasionally work from home, but otherwise have an office at your employer's place of business.

However, you may also have two work locations, an office outside the home and an office inside the home provided you perform substantially all your administrative activities in your home office. For example, you are a landscaper with a shop. Your shop has a desk and a phone, but you perform substantially all your administrative activities for your landscaping business from your home office, both work locations count.

Administrative activities include performing bookkeeping, speaking to your tax accountant, employment issues, paying bills, etc. Please see our blog post on tax homes and how it affects home offices-

Aside from exclusively, home offices must also be used regularly. Using a home office one day a week for your small business, for example, will typically not qualify as regularly used.

Spoiler Alert: Home offices are not huge tax deductions.

Home offices will put about \$100-\$200 in most taxpayer's pockets. Not huge, but worth a dinner or two (or 20 foot longs at Subway) The **material benefit to a home office** is your commute now becomes the walk from your bedroom to your office, and all your mileage is now considered business mileage.

S Corp Owners

If you purchased the reimbursement plan (and did the necessary paperwork) please do not complete this worksheet. Use the Accountable Plan Reimbursement form that was emailed to you.

If you need help or have questions, please email us at admin@howardtaxprep.com

Expenses

Please send your mortgage interest statements (Form 1098) and any other year-end statements. We will use that information to compute your deduction for mortgage interest, private mortgage insurance (PMI) and real estate taxes.

Please complete the rest of the expenses associated with **your entire home**, and we will allocate the expenses to your home office accordingly.

Cleaning, Maintenance	_____	Utilities	_____
Casualty Losses, Theft	_____	HOA Dues	_____
Hazard Insurance	_____	Repairs, for the HOME OFFICE ONLY	_____
Rent	_____	Other	_____
Repairs for the ENTIRE HOME	_____	Other	_____

Improvements, Direct Expenses

Did you make any improvements to your home office space that was directly related to its business use? For example, a massage therapist might need to install new lighting and sound system specific to massage therapy. If your situation is similar, please explain below-

Do you use a separate structure from your house for business purposes (ie, storage shed)?

Home Office Connection

Briefly describe how this home office is used in conjunction with your job or small business below-

How many **hours per week** do you use your home office for your job or small business use? _____

Do you use the space exclusively as a home office?	YES	NO	
Do you have another office that you use at a different location?	YES	NO	
Did you operate a child care facility in your home?	YES	NO	
Did you reimburse yourself for your home office using an Accountable Plan?	YES	NO	UNSURE

Home Office Set Up Information

Complete this section for your home office.

Property Address _____

Date Home Office was First Used _____

Original Purchase Price of Home _____

Portion of Price or Value Attributed to Land _____

Area Exclusively Used as Home Office (sqft) _____

Total Area of Home (sqft) _____

Does any of the square footage above include an unfinished basement, attic or garage? If so, please detail the amount of unfinished square footage that is used for business purposes (ie, home office, storage) below-

Fair Market Value

Two things. When you first started using the home office, what was the fair market value of your home including land? And, did you make any improvements to your home overall such as a new deck or roof after purchasing the home? If so, please explain below-

Disclosure

I(We) verify that the information provided in this **Home Office Deduction Worksheet** is accurate and complete. I(We) understand it is my(our) responsibility to include any and all information concerning income, deductions and other information necessary for the preparation of my (our) personal income tax return.

Taxpayer Signature _____ Date_____

Printed Name _____

Spouse Signature _____ Date_____

Printed Name _____

Please call or email us anytime with your questions and concerns. Thank you in advance, and we look forward to working with you!

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