



Simply Royal

TAX SERVICES

BUSINESS & SELF EMPLOYED
Tax Reduction
CHECKLIST

www.simplyroyaltaxservices.com

Tax Deduction CHECKLIST

What You Can Deduct in Each Category

Advertising

These are expenses that increase brand awareness exposing you and your business to potential future clients. These are things like:

- Branding Expenses (website, logo, photoshoot, etc)
- Brochures, Business Cards, and Printing
- Mailers, Flyers, and Coupons
- Social Media Ads (Google, Facebook, etc)
- Trade Show Expenses (Signage, Expo Fees, Product Samples, Promo Materials, and don't forget travel expenses to the event)
- Print Ads (Newspaper, Magazines, etc)
- Promotional items sent to clients (see "Gifts" Section)

Bank Fees

Any fees you pay on business accounts or to merchant services like Square, Stripe, or PayPal are all expenses that can be deducted.

Business Travel

If you travel to meet a client, to shoot an event, or to attend training or a trade show these travel expenses are deductible:

- Transportation (Uber, Airfare, Train, Taxi, etc)
- Lodging
- Meals (see Meals)
- Mileage (see Mileage)



Tax Reduction CHECKLIST



Contract Labor

Contracted labor happens anytime you pay someone for a service who is also self-employed.

If you hire someone for things like:

- Virtual Assistant
- Bookkeeper
- Coaching
- Social Media Manager

Bonus Tip

Make sure that contractors complete a W-9 before they start work so that you are compliant. See Pg 8



Cost of Goods Sold

Any costs you incur to make a sale. For example, if you sell candles to a client, your cost of the wax, candle holder, and fragrance are your cost of goods.

Other types of cost of goods could be:

- Picture Frames
- T-Shirts
- Yarn



Insurance

All business related insurances are a deductible expense:

- Liability Insurance
- Property Insurance
- Income Insurance
- Workers' Compensation Insurance



Tax Deduction CHECKLIST



Interest

Interest on any business accounts is a deductible expense like:

- Business Loan
- Business Credit Card
- Business Vehicle



Mileage

You can deduct all business mileage put on your personal vehicle for business purposes.

This includes things like travel to:

- Meet a client
- Drop of packages that need to be mailed
- Attend a trade show
- Check your PO Box
- The store to pick up equipment or supplies



Licenses & Taxes

Any licenses, entity filings or state taxes for limited liability companies are deductible.

- DBA, LLC or S-Corp Filings
- State License if required
- State Vendor License
- LLC State Taxes



Meals

You can deduct 50% of meals, however, they have to be business meals. This means you are meeting a client, contractor, or vendor for a meal to discuss business.



Legal & Professional

Any fees paid for legal or professional services like:

- Accountant Legal
- Fees Consulting
- Association or
- Membership Dues



Office Expenses

Anything you purchase for your office space or things you need to run the backend of your business.

These can be things such as:

- Computers, printers, etc.
- Office Furniture
- Office Phone\Cell Phone
- All business apps
- Presets Templates
- Forum or magazine subscriptions
- Website Hosting & Email server

Tax Deduction CHECKLIST

Rent

Anything that you rent for business purposes is a deductible expense.

These can be things like:

- Equipment Rent
- Location Rental
- Storage Rent

Supplies & Equipment

- Supplies & Equipment
- Computers & Printers
- Camera, Lenses &
- Accessories Lighting Ink &
- Paper

Training & Education

Anything you purchase to learn and grow your business.

This includes things like:

- Conferences (including Business Travel)
- Workshops & Classes
- Online Courses & Training



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Utilities

If you rent an office or a store space, you can deduct all utilities paid for that space.

If you operate from a home office see "Home Office Deduction" (BELOW).

Bonus Tip

2018 Tax Law Changes mean that S-Corporations are no longer allowed to take the home office deduction



Home Office Deduction

This is a VERY SPECIAL deduction that many businesses overlook If you have a designated area of your home that you use primarily for your business then you may be able to take the home office deduction. The home office deduction lets you deduct a % of your Mortgage Interest, Rent, & Utilities.

Direct Expenses

- Utilities
- Repairs
- Camera, Lenses &
- Accessories
- Lighting
- Ink & Paper

Indirect Expenses

- Mortgage Interests
- Homeowner's
- Insurance
- Property Tax
- Rent
-



Tax Reduction CHECKLIST



Home Office Deduction

*NOTE: We suggest talking to your tax preparer for the MOST accurate information for your situation.

* Requirements to Claim the Home Office Deduction

1. **Regular and exclusive use** - usually you cannot deduct a home office if it's a home office slash guest bedroom or if it has partial use as something else (like kids toy room or gym or etc).
2. **Principal place of your business** - this office is the main place you conduct your business, you may use other venues to meet clients, customers, etc but the normal day-to-day operations is here.

If you meet the criteria for a Home-Based Business, you'll then have to do some calculations to see how much you can deduct from your normal living expenses.

You'll need the following information:

Total Square Feet of Home: _____ Total Square Feet of Office: _____

Divide the Total Square feet of the Office by the Total Square feet of your home. That will give you a percentage. You will use this to calculate your deductions.

(see below for an example)

To put it simply, take expenses like monthly Mortgage/Rent and multiply it by the percentage you just calculated. The result is the monthly deduction you can take for that expense.

Example: I have a 1000 square foot home, my office is 110 square feet that means my percent I can use is 11%. ($110/1000 = .11$) My monthly rent is \$1,250. So if I multiply my rent by my percent I get to write off \$137.50 per month ($\$1,250 \times .11 = \137.50) for rent for my home office expense.

You'll do this calculation for the rest of your home office expenses.



Tax Reduction CHECKLIST



Contract Labor Cont'd

Independent Contractor Information

****If you paid an independent contractor or an outside service \$600 or more (for services provided, NOT products) you are required to provide them with a 1099 NEC form. NEC = Non-Employee Compensation**

If you are required to provide a 1099 NEC form, then you'll need the independent contractor or outside service provider to fill out a W-9 form (so that you can fill out the 1099 NEC form)

Here is a link to the W-9 form: <https://www.irs.gov/pub/irs-pdf/fw9.pdf>

This form can be purchased at any major office supply store OR you can even order them from the IRS website for free (if using the IRS website you'll have to either handwrite the forms or have a typewriter as they have carbon copies). **

Here is the link for the IRS website: <https://www.irs.gov/businesses/online-ordering-for-information>Returns-and-employer-returns>

We hope this list helps you lower your taxable liability and keep more of your hard-earned money in your pockets!

****Again, we strongly suggest you talk to your tax preparer about all your deductions and any credits you may qualify for****