



SMALL BUSINESS

T A X D E D U C T I O N
C H E A T S H E E T

Small Business Tax Deductions Cheat Sheet

Advertising and Promotion

- Facebook/Instagram/Google
- ads Prints (brochures, flyers, etc)

Auto Expenses *

Deduct Mileage at .56 per mile for 2021
OR

- Car payments
- Insurance
- Gas
- Depreciation (if the vehicle is owned)
- Parking and tolls
- Registration (DMV) fees
- Maintenance and repairs

Bank Fees

- ATM fees
- Monthly service fees
- Annual fees
- Late payments
- NSF fees
- Merchant account fees
- Credit Card processing fees

Business License and Permits

- State/city/local licensing
- Industry/job specific license

Communication

- Cell Phone
- Landline
- Answering Services
- Subscriptions for Communication Services

Consultation

- General consultation
- Financial consultation
- Job consultation

Continuing Education

- Tuition
- Books/supplies
- Program fees
- Trainings and workshops

Cost of Goods Sold

- Materials/Supplies
- Labor

Dues and Subscriptions

- Memberships
- Monthly/annual subscription

Equipment Rental

- Payment processor rental
- Industry/job specific rentals
- Tool rental
- Large equipment rental

Gifts*

- Gifts provided to vendors or customers/clients/patients (can only deduct \$25 per person per year)

Small Business Tax Deductions Cheat Sheet

Independent Contractors*

- Contractors
- Outside services

See small business tax deductions cheat sheet part 4 for more information

Meals*

- Restaurants
- Fast Food

(Note: meals are usually deducted by 50% depending on the purpose of the meal. Consult with your tax preparer.)

Insurance

- General
- Liability
- Workers Compensation
- E&O Insurance

Postage and Shipping

- Stamps
- Certified mail
- Delivery
- Freight costs

Interest

- Finance charges
- Loan interest

Office

- Rent or mortgage
- Insurance
- Utilities
- Maintenance and repairs

Legal and Professional

- Legal consultation and fees
- Accounting
- Bookkeeping
- Financial Advisor
- Industry/Job specific fee

Office Expenses

- Delivery items (coffee, water, etc)
- Supplies (paper, ink, etc)

Marketing

- Agency Fees
- Surveys
- Development of advertising
- Social Media monitoring/participation
- Sponsorships

Home Office Deductions*

Divide sq ft of office by total sq ft of house, then multiply the expenses with this amount to obtain the actual amount you're able to deduct.

See part 5 for more information...

Small Business Tax Deductions Cheat Sheet

Security

- Security/surveillance services
- Subscriptions for security Security-related products (Ring doorbell, etc)

Software

- Accounting/Invoicing/Bookkeeping
- Credit Card Processing
- Form Template
- CRM
- Project/Industry/Job-specific software

Travel

- Lodging
- Car rental/transportation service
- Airfare

Utilities

- Water
- Sewage
- Trash/waste removal
- Electricity
- Internet
- Cable

Uniforms*

- Shirts, hats, etc
- (Note: must have your business logo/name on the item to be deductible)

Website

- Domain Name
- Hosting

Other Expenses

- Commissions
- Discounts
- Furniture*
- Janitorial
- Large/Expensive Equipment*
- Laundry and Cleaning
- Medical expenses (premiums, co-pays, dental, vision, etc)
(Note: these expenses are usually only deductible if you run payroll through your business)
- Meetings
- Payroll expenses (processing, taxes, wages, etc)
- Recruiting
- Referrals
- Storage
- Supplies that are industry/job specific
- Tools
- Training

Consult a Tax Professional

Whilst most of the listed deductions are 100% deductible, some of them do have special requirements. Please consult a tax preparer/professional when including the expenses with the * next to them.

Please also note: We encourage you to always consult a tax professional when doing your own taxes, especially for your business taxes.

Small Business Tax Deductions Cheat Sheet

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>

Outside Services & Independent Contractor Information

Outside Services or Contractor Information		Outside Services or Contractor Information	
FILLED OUT W-9 FORM?	YES OR NO	FILLED OUT W-9 FORM?	YES OR NO
(IF NO) FULL NAME:	_____	(IF NO) FULL NAME:	_____
SSN OR EIN:	_____	SSN OR EIN:	_____
ADDRESS:	_____	ADDRESS:	_____
ADDRESS CONT:	_____	ADDRESS CONT:	_____
AMOUNT PAID:	_____	AMOUNT PAID:	_____

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ADDRESS CONT:	_____	ADDRESS CONT:	_____
AMOUNT PAID:	_____	AMOUNT PAID:	_____

must issue a 1099 Misc form to all of the outside services/independent contractors that you paid over \$600 **Provide your tax preparer the copies of the W-9 forms, if applicable**

Small Business Tax Deductions Cheat Sheet

You can also deduct "Home Office Expenses"

*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.
2. Principal place of your business.

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).

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: _____



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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.

We hope this binder helps you get organized,
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