



# Common Deductions for Small Business Owners

## Advertising

Yellow Pages	_____
Flyers & Mailers	_____
Newspaper Ads	_____
Imprinted Small Gifts	_____
Radio/TV Ads	_____
Internet Ads	_____
Signs	_____
Ad Agency Fees	_____
Business Cards	_____

## Auto Expense

Mileage plus parking & interest expense on auto loan	_____
OR	_____
Acutual expenses of gas, insurance,tabs,repairs,interest, tires,auto accessories, and depreciation or lease expense	_____

## Commission & Fees

Referral Fees	_____
Finders Fees	_____

## Equipment

Furniture	_____
Computers	_____
Printers	_____
Desks	_____
Tables	_____
Copier	_____

## Insurance

Bond insurance	_____
Business Insurance	_____
Errors & Omissions Insurance	_____
Property Insurance	_____

## Interest Expense

Auto Loans	_____
Credit Card Interest for business expense	_____
Equipment Loans	_____

## Legal & Professional

Legal	_____
Accounting	_____
Consulting	_____
Billing Service	_____
Answering Service	_____
Temp-Agency Fees	_____

## Office Expense

Bank Charges	_____
Business Related Education	_____
Credit Card Processing Fees	_____
Business Associates Dues & Subscriptions(no club dues)	_____
Realtor Association Dues	_____
Printing	_____
Postage & Freight	_____
Office Supplies	_____
Books & Magazines	_____
Business Gifts< \$25.00	_____
MLS Dues	_____
Desk Rent/Fees	_____
Transactions Fees	_____
Camera & Supplies	_____
Subscriptions	_____
Keys, Key Boxes, & E-Keys	_____

## Repairs & Maintenance

To equipment, To Furniture, Janitorial	_____
	_____

## Taxes

FICA tax, FUTA tax	_____
State Unemployment Tax	_____
Personal Property Tax	_____
State & City Licenses	_____
Real Estate License	_____

## Meals & Travel

Business Meals incl.	_____
Dutch Treat Meals	_____
Athletic & Theater Events	_____
Lodging While Traveling	_____
Entertaining at Home for Business	_____
Incidental Expenses While Traveling for Business	_____
Airfare, Gas, Taxi, Shuttle, Parking, Miles to Airport, Auto Rental	_____
Employee Events	_____
Employee Dinners to Work	_____
Overtime	_____

## Utilities

Gas,Electric,Water,Garbage, Cable	_____
Telephone,Cell,Local & Long Distance,Internet,Website	_____
Hosting,Service,Alarm Service, Pager,Answering Service	_____

## Wages

Paid to Employees, Spouse, Children	_____
-------------------------------------	-------

## Office in Home

Business Portion of:Real Estate Taxes, Mortgage Interest, Gas, Electric, Water, Garbage, Repairs, Home Insurance, Home Improvements	_____
---	-------

# IRS RECORDKEEPING REQUIREMENTS

## Period of Limitations that apply to income tax returns

1. Keep records for 3 years if situations (4), (5), and (6) below do not apply to you.
2. Keep records for 3 years from the date you filed your original return or 2 years from the date you paid the tax, whichever is later, if you file a claim for credit or refund after you file your return.
3. Keep records for 7 years if you file a claim for a loss from worthless securities or bad debt deduction.
4. Keep records for 6 years if you do not report income that you should report, and it is more than 25% of the gross income shown on your return.
5. Keep records indefinitely if you do not file a return.
6. Keep records indefinitely if you file a fraudulent return.
7. Keep employment tax records for at least 4 years after the date that the tax becomes due or is paid, whichever is later.

## Are the records connected to property?

Generally, keep records relating to property until the period of limitations expires for the year in which you dispose of the property. You must keep these records to figure any depreciation, amortization, or depletion deduction and to figure the gain or loss when you sell or otherwise dispose of the property.

If you received property in a nontaxable exchange, your basis in that property is the same as the basis of the property you gave up, increased by any money you paid. You must keep the records on the old property, as well as on the new property, until the period of limitations expires for the year in which you dispose of the new property.

## Supporting Business Documents

Purchases, sales, payroll, and other transactions you have in your business will generate supporting documents. Supporting documents include sales slips, paid bills, invoices, receipts, deposit slips, and canceled checks. These documents contain the information you need to record in your books. It is important to keep these documents because they support the entries in your books and on your tax return. You should keep them in an orderly fashion and in a safe place. For instance, organize them by year and type of income or expense.

*The following are some of the types of records you should keep:*

**Gross receipts** are the income you receive from your business. You should keep supporting documents that show the amounts and sources of your gross receipts. Documents for gross receipts include the following:

- Cash register tapes
- Deposit information (cash and credit sales)
- Receipt books
- Invoices
- Forms 1099-MISC

**Purchases** are the items you buy and resell to customers. If you are a manufacturer or producer, this includes the cost of all raw materials or parts purchased for manufacture into finished products. Your supporting documents should show the amount paid and that the amount was for purchases. Documents for purchases include the following:

- Canceled checks or other documents that identify payee, amount, and proof of payment/electronic funds transferred
- Cash register tape receipts
- Credit card receipts and statements
- Invoices

**Expenses** are the costs you incur (other than purchases) to carry on your business. Your supporting documents should show the amount paid and a description that shows the amount was for a business expense. Documents for expenses include the following:

- Canceled checks or other documents that identify payee, amount, and proof of payment/electronic funds transferred
- Cash register tapes
- Account statements
- Credit card receipts and statements
- Invoices

## Travel, Transportation, Entertainment, and Gift Expenses

If you deduct travel or transportation expenses, you must be able to prove (substantiate) certain elements of expenses.

If you choose to use the standard mileage for deducting your vehicle expenses you must keep a detailed mileage log which documents the following:

1. Date of the trip
2. Where the trip started
3. Where the trip ended
4. The number of round trip miles
5. The business reason for the trip

For additional information, refer to [Publication 463, Travel, Entertainment, Gift, and Car Expenses](#).

**Assets** are the property, such as machinery and furniture, that you own and use in your business. You must keep records to verify certain information about your business assets. You need records to compute the annual depreciation and the gain or loss when you sell the assets. Documents for assets should show the following information:

- When and how you acquired the assets
- Purchase price
- Cost of any improvements
- How you used the asset
- When and how you disposed of the asset
- Selling price
- Expenses of sale

The following documents may show this information.

- Purchase and sales invoices
- Real estate closing statements
- Canceled checks or other documents that identify payee, amount, and proof of payment/electronic funds transferred