

SMALL BUSINESS TAX DEDUCTIONS CHEAT SHEET PART 1

Advertising and Promotion

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

Auto Expenses*

Deduct Mileage at 58.5 per mile (from 1/1 - 6/30)
62.5 per mile (from 7/1-12/31) for 2022

OR

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

Bank Fees

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

Business License and Permits

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

Communication

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

Consultation

- Financial consultation
- General consultation
- Job consultation

Continuing Education

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

Cost of Goods Sold

- Labor
- Materials/Supplies

COGS is basically anything needed to make or package your product

Dues and Subscriptions

- Memberships
- Monthly/annual subscription

Equipment Rental

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

Gifts*

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

Continue...

SMALL BUSINESS TAX DEDUCTIONS CHEAT SHEET PART 2

Independent Contractors*

- Contractors
- Outside services

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

Insurance

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

Interest

- Finance charges
- Loan interest

Legal and Professional

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

Marketing

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

Meals *

- Meals eaten with clients/customers
- Restaurants

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

Postage and Shipping

- Certified mail
- Delivery
- Freight costs
- Stamps

Office

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

Office Expenses

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

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...

Continue...

SMALL BUSINESS TAX DEDUCTIONS CHEAT SHEET PART 3

Security

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

Software

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

Travel

- Airfare
- Car rental/transportation service
- Lodging

Utilities

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

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 PART 4

With the business space being infinitely easier to enter due to the increase of online shopping here are a few expenses you may miss if you have an e-commerce business.

(Even if you don't have a primarily e-commerce business, some of these expenses may still apply to you)

E-Commerce Businesses

- Cybersecurity
- Discounts
- Equipment and Asset Maintenance
- Inventory
 - Shrinkage (damage, theft, misplacement, etc)
- Packing
- Permits and Licenses (DBA, etc)
- Platform Payments/Subscriptions (Shopify/Etsy Plus/etc)
- Returns and Refunds
- Storage
- Transactional costs (Credit Card Processing, etc)
- Website Builders/apps (Wordpress, Wix, Shopify, etc)

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>

SMALL BUSINESS TAX DEDUCTIONS CHEAT SHEET PART 5

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: _____

Continue...

SMALL BUSINESS TAX DEDUCTIONS CHEAT SHEET PART 6

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 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******

PERSONAL TAX PREP CHECKLIST

TAX YEAR:

GENERAL

PERSONAL INFORMATION

- Full name, SSN & DOB
- Spouse full name, SSN & DOB
- Copy of Last Year's Tax Return
- Dependents' name, SSN & DOB
- Driver's License
- Banking Account Number

BUSINESS INFORMATION

- Full Legal Name of Business
- EIN & State ID Number
- Copy of Last Year's Tax Return
- Owner's Name, SSN, Address and % of Ownership
- Type of Entity
- Type of Product/Service
- Income & Expenses

INCOME

- W-2s from all employers
(also include W-2 G --Gambling Income)
- 1099 forms for other income
(1099 Misc, 1099 Int, 1099 DIV, 1099 R, 1099 NEC, 1099 G, etc)
- K-1s from business(s)
- Alimony
- Unemployment
- Social Security

ITEMIZED DEDUCTIONS/SCHEDULE A

- Charitable Contributions
- Medical Expenses
(Premiums, Co-pays, anything else that was out-of-pocket)
- Mortgage Interest (Form 1098)
- Property Taxes
- DMV Registration
- Tax Preparation Fee

OTHER

- Student Loan Interest
- Education Credits (1098T)
- Child Care Expenses
- Records of Buying and Selling of Stocks
- Health Care Forms
- Estimated Tax Payments
- Traditional IRA Contributions
- HSA Contributions

NOTES:

SELF EMPLOYED TAX PREP CHECKLIST

TAX YEAR:

GENERAL See the General Business Information in Tax Prep Checklist

- EIN form (if applicable)
- Articles of Incorporation/Organization (if applicable)
- Form 2553-Election by a Small Business Corporation (if applicable)

INCOME

- 1099 NEC (non-employee compensation) Other revenue reports/logs/etc
- 1099 K (from credit card processing)
- Cash/Checks

EXPENSES

- Bank Statements (best to keep a separate bank account for your business, even if it is not an official business bank account --if you're just starting out you can open a personal bank account and do all of your business transactions in that)
- Receipts (especially for items paid in cash or not paid through the business bank account)
- Forms 1099 NEC that you provided to Independent contractors/outside services
- Expense Log
- Cost of Goods Sold Log
- Any downloadable CVS files from sites like Shopify/Etsy/Etc of your revenue/transactional expenses

NOTES:

IMPORTANT DUE DATES FOR 2023

(OR TAX YEAR 2022)

PERSONAL TAX RETURNS		DUE DATE/ DATE TO FILE EXTENSION	EXTENSION DUE DATE
Federal	Form 1040/1040A/1040EZ Includes: Schedule C (Sole Proprietorships/Single Member LLCs)	April 17, 2023	October 16, 2023
State	Each state has different forms	April 17, 2023	October 16, 2023
BUSINESS TAX RETURNS		DUE DATE/ DATE TO FILE EXTENSION	EXTENSION DUE DATE

Federal

S-Corporation	Form 1120S	March 15, 2023	September 15, 2023
Partnerships	Form 1065	March 15, 2023	September 15, 2023
C-Corporation	Form 1120	April 17, 2023	October 16, 2023

State

Each state has different forms, some states that do not have income tax will not have to file a tax return. If your state does require a tax return, it is best to file both Federal and state returns at the same time.

****Please note: if you owe on your tax returns or think you might owe, filing an extension does **NOT** extend the time to pay. The balance that is owed is still due on the original due date (not on the extended due date).****

OTHER BUSINESS FORMS

DUE DATE

FORM 1099-NEC	Filed Electronically to IRS	January 31, 2023
<ul style="list-style-type: none"> "Non-Employee Compensation" - usually for outside services or Independent contractors. (paid \$600 or more) 	Filed Paper to IRS	January 31, 2023
	Filed to recipients	January 31, 2023

****NOTE: THESE ARE APPROXIMATE DATES BASED ON THE PAST YEARS, DUE TO COVID-19 THESE DATES MAY BE POSTPONED****