



TAX DEDUCTIONS FOR SMALL BUSINESS OWNERS

Small businesses can write off many expenses as tax deductions to help lower the amount of their tax liability. Listed below are 10 popular small business tax deductions.

EXPENSE	TAX DEDUCTION
Rent, advertising and marketing, and office supplies and expenses	Cost is fully deductible for conventional business supplies and office expenses and rent so long as there is no ownership interest in the rental property
Home office	<p>Can deduct expenses which may include mortgage interest, insurance, utilities, repairs and depreciation</p> <p>Can deduct \$5 for every square foot of a home office, up to 300 square feet or calculate actual home office expenses*</p> <p><i>*The IRS only allows this deduction if the home office is used exclusively for business purposes on a regular basis.</i></p>
Vehicle	<p>If you use a vehicle for business purposes, there are two ways to claim this deduction: standard mileage rate (2019 rate is \$0.58) or actual car-related expenses (including maintenance, gasoline, parking, and tolls)</p> <p>If used for personal and professional use, must deduct only the costs that specifically relate to the business in proportion to how much usage is related to business</p>
Business meals	Can generally deduct 50% of qualifying food and beverage costs (the meal needs to be related to the business); 50% of the cost of providing meals to employees; and 100% at office parties and picnics
Insurance	<p>Can deduct the ordinary and necessary cost of insurance premiums as a business expense, if it is for your trade, business, or profession</p> <p>This may include coverage for accidents and health, automobiles, theft, and malpractice</p>
Education	<p>Fully deductible if the expense maintains or improves skills that are required in business</p> <p>May include seminars, workshops or classes intended to help you improve your job skills</p>
Legal and professional fees	Fees that are necessary and directly related to running the business
Employee compensation, benefits, and even vacation time	<p>Can generally deduct the compensation you give to part-time and full-time employees for the services they perform for your business</p> <p>May include bonuses, meals, lodging, and allowances</p>

(continued)

<p>Travel</p> <p><i>(must be necessary to the business)</i></p>	<p>All expenses related to business travel including airfare, hotels, and rental car expenses are fully tax-deductible</p> <p>Business travel must last longer than an ordinary workday and take place away from the general area of your home</p>
<p>Internet and phone bills</p>	<p>Business phone, fax and internet expenses (if used for personal and professional use, must deduct only the costs that specifically relate to the business in proportion to how much time is related to business)</p>
<p>State taxes</p>	<p>Depending on the state in which a taxpayer resides, both state and local governments can impose withholding on wage income. It is important to review whether your state enforces state income tax and to calculate the current rates. State withholding from income usually has a version of Form W-4, which can help a taxpayer to determine any tax liability. This is typically determined by tax status and the number of withholding allowances. Each state has its own formulas. Over 23 states had notable tax changes take effect on July 1, 2019, so it is imperative to review your state tax laws.</p>

Have a tax question or want to know how an estate planner can help lessen your estate's tax liability? Contact your local estate planning professional today!

