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EXPENSE DEDUCTIONS

The purpose of this worksheet is to help you organize your tax deductible business expenses. In order for an expense to be deductible, it must be considered an "ordinary and necessary" expense. You may include other applicable expenses. Do not include expenses for which you have been reimbursed, expect to be reimbursed or are reimbursable.

SALES		PROFESSIONAL	
Advertising		Continuing Education	
Appraisal Fees		Dues	
Bank Charges		E & O Insurance	
Business Cards		Legal Fees	
Clerical		Licenses	
Photo Processing		Meals 50%	
Client Gifts			
Courier Service		Multiple Listing	
Fees: Commissions Paid		Publications	
Fees: Escrow/Loan Fees		Resumes	
Fees: Referrals		Seminars	
Auto/Miles		Telephone 2 nd landline	
		Other	
Food		TOTAL	
Keys/Locksmiths		TELEPHONE	
Lock Boxes		Answering Service	
Map Books			
Office Expense		Cellular business %	
Open House		Long Distance Faxes	
Photocopying		Internet Expenses % used for business	
Postage			
Printing			
Rent		Other	
Repairs to Sell Listed Property		Copier/Fax	
Sales Assistants		EQUIPMENT	
Signs/Flags/Banners		Camera	
Software		Cell Phone	
Stationary		Chair/Desk	
Tools		Filing Cabinet	
Other		Computer/Tablet	
TOTAL		TOTAL	

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Keep an eye out for these often-overlooked ways to cut your tax bill.

It's simple: The more tax deductions your business can legitimately take, the lower its taxable profit will be. And in addition to putting more money into your pocket at the end of the year, the tax code provisions that govern deductions can also yield a personal benefit: a nice car to drive at a small cost, or a combination business trip and vacation. It all depends on paying careful attention to IRS rules on just what is, and isn't, deductible.

Expenses of Going into Business

Once you're running a business, expenses such as advertising, utilities, office supplies, and repairs can be deducted as current business expenses. But not before you open your doors for business. The costs of getting a business started are capital expenses -- \$5,000 of which you may deduct the first year you're in business. Any remainder must be deducted in equal amounts over the next 15 years.

Home Office

The key here is that you use the term "home office" the same way the IRS does. The tax agency says it must be a space devoted to your business and absolutely nothing else. Deducting the den that houses the family computer and serves as a guest bedroom won't fly with Uncle Sam.

If you only have one computer and you have a child over four, the IRS is going to be pretty certain that the child is using the computer. The burden of proof is on you.

The deduction, however, isn't limited to a full room. Your home office can be part of a room. Just how much of the space is deductible? Measure your work area and divide by the square footage of your home. That percentage is the fraction of your home-related business expenses -- rent, mortgage, insurance, electricity, etc. -- that you can claim. If you own your home, that percentage of the market value (or cost) of your home is depreciated in addition to the other costs. Upon later sale of the home, the depreciation taken may have to be recaptured as taxable income.

Mileage

If you drive for business, the IRS wants to give you some of your money back. But Uncle Sam loves documentation, so keep a notebook in your vehicle to record the date, mileage, tolls, parking costs and the purpose of your trip. There are a number of good apps that can be downloaded to your cell phone to make the recordkeeping easier.

There are two methods of claiming expenses: You can either keep track of and deduct all of your actual business-related expenses, or you can deduct a certain amount for each mile driven plus all business-related tolls and parking fees, personal property taxes and interest on the car loan.

If you deduct actual vehicle expenses in the first year the vehicle is used for business, you must use actual expenses in all future years. However, if you use the standard mileage deduction the first year, you can switch between actual expense and standard mileage each year.

If you are leasing, include those payments. If you are buying the car, factor in the depreciation on your vehicle.

If your auto is used for both business and pleasure, only the business portion produces a tax deduction. That means you must keep track of how much you use the vehicle for business, and add it all up at the end of the year. Certainly, if you own just one car or truck, no IRS auditor will let you get away with claiming that 100% of its use is related to your business.

And if your company's office is at your house, you get a bit more of a break. You can deduct the entire business-related mileage, from the minute you pull out of the driveway until you return home. If your business is not home-based, your mileage meter starts at your first business-related destination and ends at your last. You can't include the drive to and from home. In this case, try to schedule several business appointments on the same day to allow you to take the mileage between stops as a tax write-off.

Business Meals

You can deduct 50% of the cost of business related meals. To deduct the costs, the meal must be business related. That is, there must be a business purpose for the meal, or business must have been discussed. Keep in mind that a meal you consume while travelling between appointments is not deductible.

Interest

If, like many folks, you use credit to finance business purchases, the interest and carrying charges are fully tax-deductible. The same is true if you take out a personal loan and use the proceeds for your business. But be sure to keep good records showing that the money

Telephone Charges

You can deduct the cost of the business calls that you make for business from home. When your bill comes in, circle the business-related calls, total them up and keep a copy. At the end of the year, tally your 12 bills and deduct 100 percent.

The IRS assumes that you will have a phone in your house anyway, so that regular fees and charges don't count toward your deduction. But if you have a second line installed and use it only for business, all of these charges are deductible.

If you use a cell phone for business, you can deduct the business portion of the cost of the phone in addition to the monthly charges. The IRS actually expects you to keep a record to substantiate the business usage. Since this would be a cumbersome recordkeeping requirement, a reasonable estimate of the business percentage is acceptable.

Child Labor

It's always good to employ your kids. If you paid them up to \$5,000 last year, they probably avoided any additional taxes. Plus, there is no Social Security tax when you hire your child who is 17 or younger and you can deduct the salary as a business expense. This break is available, however, only if you operate as a sole proprietor or as a partnership in which you and your spouse are the only partners. If your business runs as a corporation, then it, not you are considered the employer and the corporation is not relieved of the tax liabilities. The employment must be real and documented you would need to have a payroll for the children (i.e. 941, W-2 etc)

Education Expenses

You can deduct education expenses if they are related to your current business, trade, or occupation. The expense must be to maintain or improve skills required in your present employment, or be required by your employer or as a legal requirement of your job. The cost of education that qualifies you for a new job isn't deductible.

Taxes and Licenses

The amounts paid for business personal property tax, business licenses and permits are deductible. Sales tax collected from your customers and paid to the state is deductible if you included the tax collected in your income.

Legal and Professional Fees

Fees that you pay lawyers, tax professionals, or consultants generally can be deducted in the year incurred. But if the work clearly relates to future years, they must be deducted over the life of the benefit you get from the lawyer or other professional.

Business books, including those that help you do without legal and tax professionals, are fully deductible as a cost of doing business.

If you do have that receipt then we suggest that you scan them into a folder on your computer or tablet. (Does not need to be printed just saved)

REMEMBER: IF YOU HAVE AN EXPENSE DIRECTLY RELATED TO YOUR BUSINESS IT SHOULD BE DEDUCTIBLE.

IF YOU HAVE ANY QUESTIONS, CONTACT US AT 636-928-1040

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