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### **Advertising**

The money you put into getting your business out there can be deducted in full—after all, how could your business be expected to succeed without a little promotion. These expenses can add up fast, so make sure you're accounting for everything.

Common expenses in this category for small business owners include:

Any type of ad you can think of (social media, Google, podcast, ads in print or digital publications, billboards, commercials, subway ads, retrofitting your car with an ad—you name it)

The costs of building and maintaining a website

Email marketing costs (like upgrading to paid MailChimp)

Influencer marketing costs

Business cards, postcards, flyers, other printed materials promoting your business

Any swag with your company name or logo on it

Sponsored content

Sponsoring an event

Paying for a listing or promoted listing (like on Yelp or Etsy)

Food and entertainment costs for promotional events

### **Business Use of Your Home**

If you have a space in your home that's dedicated specifically to your work—like a room that serves as an office or even a desk in the corner of your bedroom—you can deduct a portion of your home costs as part of your business expenses.

There are two ways to calculate this. The more complex way is to figure out the percentage of your home that is used for business and then calculate your home costs—like rent or mortgage, utilities, insurance, and repairs—by that percentage. Or you could go the easy route and use the simplified deduction, multiplying the square feet of your home used for business by \$5 to get your deduction amount.

### **Car and Truck Expenses**

If you use your car at all for business expenses, make sure you're deducting a percentage of those costs from your taxes, either by keeping track of the individual expenses incurred (like gas, maintenance, and even depreciation), or using the IRS' standard mileage deduction — 58 cents per mile in 2019.

Either way, you'll need to keep track of your miles (if you're writing off the individual expenses, you'll need your business mileage and total mileage of the year to figure out what percentage of costs can be written off for business). Anytime you drive somewhere for your business—be it a business trip, a delivery, a meeting with a client or investor—make sure you're tracking the miles and keeping a log somewhere. The biggest exception to what counts as business mileage is driving back and forth to your office or place of business—that's considered commuting and can't be written off anywhere.

Whichever method of writing off you're using, make sure you're also tracking tolls and parking fees, which can be included whether you're using the mileage deduction or individual expenses. If you purchase a vehicle solely for business use (like a delivery truck or van), you can depreciate the cost of that purchase over its expected lifespan—that would go under the depreciation section below.

### **Charitable Contributions**

If you're a sole proprietor, LLC acting as a sole proprietor, or S-corp, unfortunately, this deduction doesn't apply to you (though you can still write these off in your personal taxes if you choose to do itemized deductions). However, if you're a C-corp and donate money, supplies, or property to a recognized charity, you can deduct it from your expenses. There are just a few things to note: donations of time aren't included, you can't deduct more than 10% of your income for this expense, and the charity must qualify for the deduction with the IRS.

### **Commissions and Fees**

Anything you pay someone else to help sell your product or service can be written off. Common expenses in this category for small business owners include:

- Commissions you pay to salespeople

- Affiliate payments to third-party marketers

- Payment processing fees (like fees for processing credit cards or accepting payments through PayPal)

Merchant processing fees (like the additional costs Etsy, Eventbrite, or Patreon take for using their platform)

Bank fees on your business account

### **Contract Labor**

Wages for any full-time employees you have go elsewhere (keep reading!), but if you hire contractors or consultants throughout the year to help support your work, the costs of paying them can be written off here.

Common expenses in this category for small business owners include:

Virtual assistants

Second shooters

Seasonal hires for holiday production

Freelancers to support in areas where you don't have expertise

Consultants and business coaches

Make sure you also file a 1099 for anyone who you pay over \$600 throughout the year!

### **Cost of Goods Sold**

Any expenses that went into creating and delivering the products or services you sold this year can be written off. This includes direct costs (like raw materials, merchandise for resale, and packaging) and indirect costs (like the labor required to create the product and costs to store the products).

### **Depreciation and Amortization**

Large equipment or assets you purchase for your business can be written off over the course of their expected lifetime through the processes of depreciation (for physical assets) or amortization (intangible assets). The gist is this: Any equipment or asset purchases that will be useful to your business over the course of many years can be deducted in even installments over the course of their expected lifetime (and anything costing over \$2,500 must be depreciated).

You can also use the section 179 expense deduction to expense the full cost of qualified business property that was purchased during the year, so long as you also started using it this year. Common expensive purchases like computers and furniture count under this, so it's worth paying attention to for maximum write-offs.

Common expenses in this category for small business owners include:

Computers

Cameras and lenses

Printers

Production equipment

Vehicles purchased for business use (e.g., delivery vans)

Customer lists

Copyrights

Internet domain names

Licensing agreements

Patents

Service contracts  
Trademarks  
Trade secrets (like a secret recipe)

### **Employee Benefit Programs**

This is another section that's not super commonly used in the small business world, but if you do employ others and provide benefits, you can write the costs of those off here. This can include things like:

Health plans  
Life insurance  
Dependent care support  
Retirement plan contribution  
Awards and bonuses  
Education assistance  
Pension and profit-sharing programs (reported on a separate line)

### **Insurance (Other Than Health)**

If you purchase business liability insurance or event insurance, you can write the cost of the premiums off here.

If you're self-employed and are looking to write off your health insurance, you'll handle this on the personal part of your tax return.

### **Interest**

Any interest you pay on credit cards, loans, or other lines of credit can be deducted here. Note that this applies only to accounts that are strictly for businesses purposes—if you use a credit card for a mix of business and personal, the write off doesn't apply.

### **Legal and Professional Services**

If you don't have in-house legal or bookkeeping and instead pay an attorney, accountant, bookkeeper, or tax professional to help with your business, you can write off the expense here!

### **Office Expenses**

Anything you purchase to make your workspace a more productive place to be can be written off in this section.

Common expenses in this category for small business owners include:

Paper, notebooks, pens, pencils, and basically anything from Staples  
Office furniture that's under \$2,500, as well as office decor  
Small computer equipment like monitors, keyboards and headphones  
Shipping expenses like postage, envelopes, and packing material  
Cleaning services or supplies for your office. The cost of internet, both in-office and any costs incurred on the go (like mobile hotspots or paying for internet on airplanes or at hotels)  
Any phone costs used for business (If you're self-employed and use your phone both personally and professionally, deduct the percentage of the costs you used for work.)

### **Rent or Lease**

The cost of anything you rent for your business can be deducted here. Common expenses in this category for small business owners include:

Office rental, including coworking space membership

Event space rental

Rental of special equipment you're not ready to purchase (e.g., additional camera equipment)

Storage rental for extra inventory

Repairs and Maintenance

Any costs you incur repairing or maintaining your equipment or office space can be written off here. Common examples of small business expenses in this category include:

Plumbing and electric repairs to an office or business space

Maintenance to critical creative equipment (e.g., taking a camera in to get it cleaned and calibrated)

Repairs to equipment critical to your business (e.g., getting a laptop fixed)

### **Supplies**

All those things you feel like you're constantly using and replacing to keep your business running smoothly? Those can be written off as supplies. For small business owners, this can include things like:

Art supplies or other materials needed for hand-crafted goods

Stock photos, fonts, website themes and other digital supplies

Disposable utensils and dinnerware for a restaurant or event

### **Taxes and Licenses**

Any taxes or fees you need to keep your business legally up and running can be written off here. This can include things like:

The cost of a local business license

Professional licensing fees

Trademark fees

Business formation or renewal fees (such as to become an LLC)

Employer portion of payroll taxes

### **Travel and Meals**

This is always a fun one, but one that can cause much confusion as well. While unfortunately, you can't deduct your dream vacation, the costs of travel and meals related to business can save you some tax cash.

For travel expenses, you must be on the trip primarily for business purposes. Then, you can write off pretty much every cost of the trip, including:

Lodging, be it a hotel or Airbnb

Transportation around the city, including public transportation costs or taxis, Ubers and Lyfts

Airfare, train, or bus tickets to get where you're going

50% of meal expenses (either by tracking actual costs or using the per diem rate)

Laundry and dry cleaning while traveling

Tips for service providers at the hotel

As for meals, you can write off 50% of the cost of food and drink as long as it's for a true business purpose.

Meal costs that can be written off include:

Lunch, drink, or coffee meetings where you discuss business with someone else (this can include clients, mentors, employees, etc. but not when you chat about work with a friend!)

Food purchased for your staff

This does NOT include getting yourself lunch during the day, or going to a coffee shop to get work done by yourself.

### **Utilities**

Utilities you pay for running your business can be deducted here, including:

Electricity, water, and the like for your office space

### **Wages**

If you have employees, you can deduct their wages here! Unfortunately, you cannot deduct the wages you pay yourself as a business owner.

### **Other Expenses**

Other expenses include anything that doesn't quite fit in the categories above, but that is still ordinary and necessary for your business to function.

Some common extra expenses I always make sure my small business clients include are:

Education and conference costs – Anything that improves your skills related to your business, including e-books, physical books, online courses, and conferences.

Clothing – While most clothing is not deductible (even if you truly only wear that horrible pantsuit for work), if the clothing is specifically required by your employer and could not take the place of your regular clothing, it can be deducted (think things like scrubs or a uniform).

Software subscriptions - if the software you use is specifically for your business, you can write off the cost here.

Startup expenses – If this is your first year in business, you can deduct up to \$5,000 in costs incurred to get your business ready to open its doors, like advertising, paying employees for training, construction, etc. Put those expenses here, and depreciate anything over the \$5,000 limit.