

A to Z

The Most Common Tax Deductions Businesses Can Take from A to Z

Proprietary information gathered from accountants who have dealt directly with the IRS — includes common items that can be deducted from taxable income.

Money Mastery's Comprehensive Listing of the Most Common Tax Deductions Businesses Can Take

If You're Not Using This Information, You're Losing as Much as \$9,899 EVERY YEAR In Unclaimed Tax Deductions...Don't Make This Mistake!

This proprietary report contains crucial information gathered from accountants over a period of many years who have dealt directly with the IRS. It includes common items that can be deducted from taxable income, many of which have been mistakenly overlooked by thousands of business owners.

Review this report at least once a year, preferably with your accountant, and before tax season! Insure that you are deducting the maximum amount of expenses from your tax bill by becoming VERY familiar with the information in this list. Your situation will change each year, so continual review of this list is vital. Knowing the rules of the game, as Money Mastery teaches, as well as understanding that those rules are always changing, is absolutely necessary if you want to save valuable tax dollars.

The following list labels items as:

- ✓ Deductible: Can be deducted from current taxable income.
- ✓ Depreciable: The cost may be deducted over a specific number of years.
- ✓ Amortizable: The cost is spread evenly over a specific number of years.
- ✓ Added to Basis: Increases asset basis, which reduces gain or increases loss at time of liquidation.

Deductions may be affected based on whether "Cash" or "Accrual-based" accounting methods are used. All deductions must meet the following requirements: 1) ordinary and necessary, 2) not lavish or extravagant, and 3) meticulous record-keeping to prove the business nature of deductions. *(If the IRS says that any of the deductions you have taken are unordinary, unnecessary or lavish they will disallow them; be sure to review your deductions with your accountant and keep meticulous records.)*

Exception Key: "Propriet." = does not apply to a sole proprietorship; "LLC" = does not apply to a limited liability corporation; "Corp." = does not apply to an S Corp or a C Corp.

A

Exception

		Propriet.	LLC	Corp.
Accountants	Deductible			
Advertising	Deductible			
Airplane(s), boats	Deductible or depreciable			
Alarms	Deductible or depreciable			
Answering Service	Deductible			
Antiques	Deductible			
Appraisal Fees	Deductible			
Art Treasures	Deductible			
Assistants	Deductible			
Associations	For business, but not for personal or recreation			
Athletic Facilities	Deductible if on business premises & open to most employees			
Attorneys	Legal and professional services are deductible			
Automobiles	Deductible or depreciable			
Awards	Deductible just like employee wages			

B

Exception

		Propriet.	LLC	Corp.
Bad Checks	Deductible			
Bad Debts	Deductible			
Bail Bond Fees	May be deductible if they are necessary			
Bank charges	Deductible			
Bankruptcy Fees	Deductible	X		
Barter	Deductible; income is taxable			
Benefits	Deductible	X		
Billboards	Deductible			
Blue Sky or Goodwill	Only amortizable when business is purchased			
Bonds	Deductible			
Bonuses	Deductible			
Bookkeeping	Deductible			
Books	Deductible			
Bounced Checks	Deductible			
Boxes	Deductible			
Broker's Fees	As a reduction of proceeds of a sale			
Burglar Alarm Systems	Deductible			
Buildings	Must be depreciated			
Business Assets	Deductible; depreciable; amortizable			
Business Association	Deductible			
Business Consultants	Deductible			
Business Gifts	Deductible			
Business Licenses	Deductible			
Business Seminars	Deductible			
Business Trips	Deductible, meals only 50 percent			
Buses	Deductible (except for commuting)			
Buying a Business	Some deductible; some depreciable or amortized			

C

Exception

		Propriet.	LLC	Corp.
Cafeteria	Deductible if 50% of meals eaten for employer convenience			
Campaign Contributions	Not deductible; illegal for corporations			
Cancellation Penalties	Deductible			

Capital Assets	Some can be deducted that year; others must be depreciated			
Carrying Charges	Usually deductible			
Cartons	If part of product and carton included in cost of goods sold; if not, are considered shipping supply			
Casualty Losses	Deductible to extent not covered by insurance			
Charitable Contributions	Corporations only up to 10% of taxable income			
Chauffeur	Is it necessary?	X		
Child Care	Some are deductible, some are not			
Classes	Some classes are deductible			
Cleaning Services	Deductible			
Closing Costs	Some are deductible right away; some must be taken over several years			
Clothing	Uniforms, even shirts with company logo are deductible, including cleaning costs			
Clubs	Only business clubs, not personal or recreation			
Coffee Service	Deductible			
Commuting	From home to work are not deductible; to customers or vendors are deductible			
Compensation	Deductible			
Computers	Deductible or depreciable			
Condominium	Business condos are depreciable			
Conferences	Cost of conducting or attending, travel and lodging are deductible and meals are 50%			
Construction	Must be depreciated			
Consultants	Deductible			
Contract Labor	Deductible			
Contractors	Minor work and repairs are deductible			
Contracts	Costs in preparing the contract are deductible			
Copyrights	Must be amortized over a period of time			
Cost of Goods Sold	Cannot deduct until goods are sold			
Credit Cards	Purchases, fees and interest maybe deductible			

D

Exception

		Propriet.	LLC	Corp.
Damaged Property	Deductible			
Damages Paid	Deductible if from a breach of contract			
Day Care	Some are deductible, some are not			
Decorating	Deductible			
Delivery Charges	Deductible			
Demolition	Not deductible; adds to basis of real estate			
Deposits	Refundable deposits are not; non-refundable are			
Design Costs	Minor, routine and on-going costs are deductible			
Director's Fees	Deductible	X	X	
Disability Insurance	Deductible for employees; for yourself it is not unless you are an employee of your corporation			
Display Decorations	Deductible			
Dividends	Not deductible			
Donations	Corporation to 10% of taxable income; individuals to 50%			
Driveways	Maintaining a private road or driveway may be deductible; construction must be depreciated			
Dues	Business groups or associations are deductible; recreation and pleasure groups are not; education expenses are deductible only if education maintains or improves skills required in current job.			

E

Exception

		Propriet.	LLC	Corp.
Electricity	Deductible			
Employees	Deductible			
Employment Agencies	Deductible			
Employment Taxes	Deductible			
Entertainment	50% deductible; company holiday party where all employees are invited is 100% deductible			
Equipment	Deductible or depreciable			
Estimated Taxes	Not deductible			
Excise Taxes	Deductible			
Expense Accounts	Deductible			
Exporting	Deductible			
Exterminator Services	Deductible			

F

Exception

		Propriet.	LLC	Corp.
Filing Expenses	Deductible			
Finance Charges	Deductible			
Financial Consultants	Deductible			
Finder's Fees	Deductible			
Fines	Not deductible			
Fire Arms/Ammunition	Deductible if for security			
Fire/Flood/Hurricane	Deductible	X		
Fixed Assets	Must be depreciated			
Fixtures	Deductible; can also be depreciated			
Floor Tax/Inventory Tax	Deductible			
Flowers	Deductible			

G

Exception

		Propriet.	LLC	Corp.
General Bus. Insurance	Deductible			
Gifts	Deductible with certain limits			
Goodwill	Only amortizable when the business is purchased			
Greeting Cards	Deductible			
Grooming	Personal grooming is not except when traveling away from home over night on business			
Group Health Insurance	Deductible			
Guard Dog	Deductible			
Gun	If ordinary and necessary			

H

Exception

		Propriet.	LLC	Corp.
Health Benefits	Deductible with some limitations.			
Home Office (& related)	Deductible to all entities except C corp; C corps who run out of a person's home can either provide a personal tax deduction to an employee as a business expense or lease the office or the corporation			X
Home Owners Fees & Associations	A percentage is deductible (see Home Office)			
Housing Allowance	Deductible and lodging is tax-free to the employee if 1) lodging is for the employer's			

	convenience, 2) is required as a condition of employment, 3) is on the employer's business premises, and 4) is for substantial non-compensatory business reasons.			
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I

Exception

		Propriet.	LLC	Corp.
Improvements	Minor repairs deductible; major improvements must be depreciated			
Income Taxes	Federal are not; state are on federal returns; city and county may be deductible (check with CPA)			
Incorporation Fees	Some are deductible immediately; some must be amortized			
Insurance	Deductible			
Intangibles	Intellectual property including proprietary software must be amortized			
Interest Expense	Deductible in most cases			
Internet Expense	Deductible			
Invoicing	Deductible			

L

Exception

		Propriet.	LLC	Corp.
Land	Deductible when sold; only the cost of the structure can be depreciated			
Landscaping	Deductible or depreciable			
Late Charges	Deductible			
Laundry Services	Deductible if uniforms or for clothing worn during business trip			
Leases	Deductible			
Legal Fees	Most are deductible			
Licenses	Deductible			
Life Insurance	Self-employed cannot deduct; premiums for group term life insurance paid by an employer on behalf of employees is deductible, but only if the employer is not a beneficiary	X		
Limousine Service	If necessary for the business; IRS can see it as entertainment			
Loans	Repayment of a loan is not deductible			
Local Transportation	Deductible			
Lodging	Deductible while traveling on business with some restrictions			
Logo	Cost of creating a logo is deductible or amortizable			
Losses	Casualty and theft losses are deductible			

M

Exception

		Propriet.	LLC	Corp.
Magazines	Deductible			
Mailing Lists	Deductible			
Maintenance	Repairs are deductible if don't extend asset life			
Manufacturing Supplies	Deductible unless they become part of inventory			
Market Research	Deductible			
Materials and Supplies	Deductible; some must be included in inventory			
Meals	Regular meals at work are not deductible unless			

Medical Expense	the employer provides the meal to employees for the convenience of the employer; meals are generally 50% deductible Deductible for employees; cannot deduct for yourself; if you are an employee of your own C corp, these expenses are 100% deductible	X		
Mileage Allowance	Deductible			
Moving Expenses	Deductible			
Music System	Deductible			

N

Exception

		Propriet.	LLC	Corp.
Net Operating Losses	Deductible			
Newsletters	Deductible			
Newspapers	Deductible			

O

Exception

		Propriet.	LLC	Corp.
Office Space	Deductible			
Office Equipment	Deductible			
Office Supplies	Deductible			

P

Exception

		Propriet.	LLC	Corp.
Painting	Deductible			
Paralegal Fees	Deductible			
Parking	Deductible			
Parking Tickets	Not deductible			
Parties	Deductible if all employees are invited; 100% deductible in some cases			
Patents	Must be amortized			
Payroll	Deductible			
Penalties	Generally not deductible			
Pension Plans	Deductible			
Permits	Deductible			
Personal Property	Deductible or depreciable			
Personal Property Tax	Deductible			
Political Contributions	Not deductible; illegal for corporations			
Post Office Box	Deductible			
Postage	Deductible			
Printing	Deductible			
Prizes	To customers and suppliers only			
Product Development	Deductible			
Professional Literature	Deductible			
Profit Sharing Plans	Deductible			
Promotions	Deductible			
Property Taxes	Deductible			
Public Relations	Deductible			
Punitive Damages	Deductible unless paid to a government agency			

R

Exception

		Propriet.	LLC	Corp.
Real Estate	Building must be depreciated; land not deductible			
Real Estate Taxes	Deductible			
Rebates Paid	Deductible if not illegal			
Records	Deductible			
Recreation Facilities	On business premises open to all employees			
Recreation Vehicles	Deductible or depreciable if business related			
Referrals	Deductible			
Refunds Paid	Deductible			
Rent Paid	Deductible			
Rental Business Expense	Deductible			
Repairs	Deductible			
Research	Deductible			
Returned Checks	Deductible			
Rewards Paid	Non-employee are 100% deductible; employees over \$400 must be considered as wages			
Royalties Paid	Deductible			

S

Exception

		Propriet.	LLC	Corp.
Safe Deposit Boxes	Deductible			
Safety Equipment	Deductible			
Sales Refunds	Deductible			
Sales Tax	Deductible or depreciable			
Scholarships Awarded	Deductible to employees if covered by plan			
Security	Deductible			
Self Insurance	Deductible			
Seminars	Deductible			
Showroom	Deductible			
Sick Pay	Deductible			
Snacks	Deductible			
Standard Meal Allowance	Deductible up to 50% while traveling			
Standard Mileage Allowance	Deductible at current IRS rate or may itemize			
State Industrial Insurance	Deductible			
State Taxes	Deductible			
Stationery	Deductible			
Storage Facility	Deductible			
Store	Deductible			
Store Fixtures	Deductible or depreciable			
Storm Losses	Deductible			
Subcontractors	Deductible			
Supplies	Deductible			
Surveys, Marketing	Deductible			

T

Exception

		Propriet.	LLC	Corp.
Tariffs	Deductible			
Tax Penalties	Not deductible			
Tax Return Preparation	Deductible			
Theft/Losses	Deductible			
Tips	For a meal they are 50% deductible and for other services are 100%			
Trademarks	Amortizable			

Trade Show	Deductible			
Training	Deductible			
Travel	Away from home is deductible			
Tuition	Some tuition is deductible			

U

Exception

		Propriet.	LLC	Corp.
Unemployment Insurance	Deductible			
Unemployment Taxes	Deductible			
University Education	Deductible if under qualified plan			
Utilities	Deductible			

V

Exception

		Propriet.	LLC	Corp.
Vacation	Deductible if it is combined with a legitimate business trip			
Vehicles	Deductible or depreciated			

W

Exception

		Propriet.	LLC	Corp.
Wages	Deductible			
Worker's Comp	Deductible			

Y

Exception

		Propriet.	LLC	Corp.
Yellow Pages	Deductible			

Z

Exception

		Propriet.	LLC	Corp.
Zoning	Deductible if for permits			

The information in this report is provided strictly as a guideline. Check with your accountant to be sure the deductions you wish to take are allowable by law. No part of this document may be copied, photocopied, reproduced, translated, microfilmed or otherwise duplicated on any medium without written consent of Time & Money, LLC. Money Mastery is not licensed in Securities trading and will not give stock market buy/sell or investment advice, and no one is authorized to do so in its behalf. Copyright 2004 by Time & Money, LLC. All rights reserved.