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DEDUCTING IT?

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Are You ***DEDUCTING*** It?



By Steven Bankler,
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Running your own business? Small business deductions can really add up for entrepreneurs. And while many business owners are on top of deductions like meals and entertainment, mileage, and payroll taxes, dozens of other deductions can be overlooked. Don't forget to log the following expenses for consideration when tax time rolls around:

Advertising and promotion:

Have you launched a new website? Printed brochures or giveaways like T-shirts or mugs that feature your logo? Placed an ad in the local newspaper? Expenses that are considered advertising and promotion are 100-percent deductible as long as they aren't tied to lobbying or political causes.

Business insurance:

Have you considered the sheer variety of insurance that can be deducted? The IRS allows deductions for insurance that covers fire, storm, theft, accident, and similar losses; credit insurance that covers losses from business bad debts; group hospitalization and medical insurance for employees including long-term care insurance; liability insurance; malpractice insurance; business interruption insurance; and more.

Bank fees and interest:

Businesses can deduct bank fees and interest — including annual or monthly service charges, transfer fees, and overdraft fees. Your business may also deduct the merchant and transaction fees associated with using a third-party payment processor like PayPal or Stripe. But since individuals cannot deduct these same fees on personal accounts, be sure to keep your business and personal bank accounts, credit cards, and payment accounts separate.

Training:

Any time you pay for classes, seminars, certifications, or reading materials to help increase expertise and skills within a current profession, consider it a potential tax write off. The skills gap is

widening in industries like construction as Baby Boomers retire and new technologies are incorporated. If you're feeling the pressure in this area, consider this tax deduction as a way to help mitigate the cost of up-skilling your workforce.

Side businesses:

Do you have a hobby or passion project that has started to earn money? If so, you'll likely benefit from turning that hobby into a business. The recent tax changes have disallowed the deduction of hobby expenses due to the suspension of miscellaneous itemized deductions. So to take deductions – and to claim losses on a side business that made money for you in the past – you'll need to turn it into a business entity.

Taxes and licenses:

Don't forget to deduct all the added taxes and licenses that come with running a business. They can include real estate taxes paid on business property, sales taxes, excise taxes, fuel taxes, and any business license or permit needed to carry out your work.

Large business purchases:

Any time you purchase equipment, vehicles, furniture, and other business assets, consider how you'll want to deduct the cost on your taxes. Any purchase under \$2,500 can be deducted in the first tax year. More expensive purchases, however, are subject to either a Section 179 deduction or a 100-percent bonus depreciation. New vehicle purchases are subject to additional write-off rules.

From toll-road fees to the cost to troubleshoot a business process challenge, there are many other business expenses out there just waiting for you to deduct. In the end, it's essential to evaluate every expense you have and bring them to the attention of your tax consultant. You might be surprised how those expenses can add up to significant tax savings. ▼

Steven Bankler has more than 42 years of experience in the accounting industry. Steven's expertise lies in consulting, planning, tax, and asset protection as well as exit strategy services for closely held businesses. He also provides litigation support (both as a testifying expert witness and a consulting expert), business negotiations and estate planning. Visit www.bankler.com for additional tax strategy tips and to learn more about Steven Bankler, CPA, Ltd.