

# **BASIC CORPORATE BUSINESS DEDUCTIONS**

**ACCOMMODATIONS** Other than travel and lodging expenses; mini-warehouse costs for product storage and distribution.

**ACCOUNTING.** Payments for bookkeeping and auditing services.

**ADVERTISING.** Literature, price lists, catalogs, display and classified ads in newspapers, magazines, radio, TV, etc.

**ANSWERING SERVICE.** Cost for telephone message services.

**BAD DEBTS.** Anything due and un-collectable based on actual expenses incurred. (This item is only applicable for those on an accrual accounting basis).

**BANK CHARGES.** Service fees and checking costs, including check imprinting, overdraft protection, and any costs and penalties from late charges and insufficient funds on all business accounts.

**BUSINESS GIFTS.** Items given to any prospect, customer or business associate, limited to \$25 per person per year.

**CAR AND TRUCK EXPENSES.** If only one business vehicle, use actual expense incurred method or mileage method. If more than one vehicle is used in business, or if renting or leasing, use actual expenses incurred method.

(Mileage method replaces all actual operating expenses including depreciation.)

**CLIENT CONTACT.** Developing or maintaining communication with prospective clients by cards, notes, meals, etc. (Some limitations may apply).

**CLIENT ENTERTAINMENT.** Extra activities such as catering, and special refreshments for birthday and anniversary parties, ball games, sporting events, plays, movies, etc., on behalf of business clients. (An 80% limitation now exists on business entertainment and meals, but there are some exceptions).

**CONTINUING EDUCATION.** All directly related business schooling and educational costs. Product testing and familiarization, research and development.

**CONVENTIONS AND SEMINARS.** Costs of attending or participating in meetings and rallies for business purposes.

**CUSTODIAL.** Regular pick-up and cleaning, vacuuming, dusting, windows, etc. of areas used for business purposes.

**DEMONSTRATIONS AND TRAINING.** A portion of groceries used for business purposes. Products used for promotional purposes.

**DEPRECIATION.** Portion of home (*if home is used as a place of business*), business furniture, autos, equipment, and improvements depleted over useful lifetime.

**DUES AND PUBLICATIONS.** Business newspapers and magazine subscriptions and purchases from newsstands; fees of business and service clubs, professional associations, country clubs, and physical improvement centers for the purpose of enhancing business relationships, gaining business clients and prospects; distributor fees.

**EDUCATIONAL SUPPLIES.** Books, records, tapes and any materials used for self-improvement pertaining to business.

**FREIGHT.** Handling charges costs of product shipments sent or received, including gifts and special carrier delivery such as UPS, Parcel Post, Federal Express, and Flying Tigers.

**INCENTIVES AND AWARDS.** Pins, plaques, applicable product discounts, rewards, costs of contests and prizes – anything expended to generate sales, including raffles, drawings and door prizes.

**INSURANCE.** Business portion of homeowner's insurance for casualty, fire, theft, property damage, and liability, if in a home based business. Also, professional liability insurance, business inventory insurance, worker's compensation etc.

**INTEREST.** Business portion of home mortgage interest if in a home based business (if applicable). Interest on any business loans.

**INTERVIEW EXPENSES.** Individual personnel review and selection while at dinner, coffee shop, lounge etc.

**LAUNDRY AND CLEANING.** Cost of cleaning uniforms or preparing home and furnishings for business meetings, including draperies, carpets, and cleaning products.

**LEGAL AND PROFESSIONAL SERVICES.** Payment for services of all kinds such as attorneys, accountants, business managers, etc. for business purposes.

**LICENSES AND FEES.** Costs of obtaining permits and licenses for sales and use purposes.

**LOBBYING COSTS.** Expenses incurred in advocating legislative, executive, and judicial position to public servants and bodies in city, county, state, and federal government.

**MARKET DEVELOPMENT.** Cost of sales and performance development in specific markets. New product orientation and application.

**MISCELLANEOUS.** Bridge fares, tools, other odd items, etc.

**OFFICE SUPPLIES.** Stationary, pencils, pens, paper clips, envelopes, file folders, erasers, product order forms, invoice forms, bookkeeping and art supplies for business purposes. Small equipment items such as pocket calculators, staplers, paper punches, etc. Also, diaries, ledgers, tablets, and guest books.

**PARKING.** Meters, space fees, and lot costs.

**PEST CONTROL.** Cost of products and services pertaining to controlling and eliminating rodents, insects, and other vermin.

**POSTAGE.** Stamps for all business correspondence, newsletters, IRS audits, Christmas cards to business associates and clients, bills, and all costs of certified, registered and insured mail for business purposes.

**PROPS AND MEDIA.** Equipment, audio-visual devices, and supplies needed to assist in business presentations.

**PROSPECTING.** Cost associated with and pertaining to search for new clients and personnel.

**PRINTING.** Reproduction of newsletters, fliers, brochures, business cards, letterhead, tracts, tickets and all copier costs for business purposes.

**PUBLICITY.** General announcements of product and opportunity availability, receptions, donations for recognition, etc.

**REGISTRATION FEES.** Costs of enrollment for continuing education, fees for state and county fairs, and other events and exhibitions for business.

**RENTS, LEASES AND MORTGAGES.** Applicable business portion of house, office or apartment lease/rent/mortgage, meeting rooms and trailers, and all business related costs. (If location is rented, leased or mortgaged in the company name, then all may be deductible).

REPAIRS. Business portion of painting, flooring, resurfacing, concrete fixing, new glass, hardware supplies, tools, grass seed, tree surgery, paint rollers and equipment. *(For home businesses limitations may apply).*

SALES PROMOTION. Business related meals, recreation, and entertainment incurred outside the home on behalf of clients and business prospects.

SAMPLES AND DISPLAYS. Product demonstration and display items, all “Brand X” products, new products used for promotion, and samples.

SECURITY. Guard dog care and feeding, alarms (*smoke detectors and fire alarms*), padlocks, garage door openers, tear gas, mace, guns, trap doors, electronic sensors. *(If in a home business, some limitations may apply).*

STORAGE. Costs of warehouse, lockers, garages, dock fees etc.

SUPPLIES. Additional items such as linen, coffee makers, cups, napkins, paper towels, interior decorating items, special lights, blackboards, whiteboards, and easels, groceries for home business meetings, etc.

TAXES. Business portion of real estate taxes, sales and excise taxes if applicable. *(Do not include sales tax of inventory if “Purchases” is gross figure).*

TRAVEL AND ENTERTAINMENT. Business travel costs such as plane, taxi, and bus fare. Rental cars, meals and lodging, tour guide fees, and special arrangements. *(A limitation may apply for entertainment items).*

UTILITIES AND TELEPHONE. Business portions of gas and electricity, heating oil, water sanitation. All telephone costs including service charges, message units, long distance calls and pay phones for business purposes. *(If not rented, leased or mortgaged directly to the company, home businesses may have utility deduction limitations).*

UNIVERSITY (IF REQUIRED TO MAINTAIN OR IMPROVE REQUIRED SKILLS OR IF REQUIRED BY THE CORPORATION).

WAGES AND/OR COMMISSIONS. Payments for salaries, Commissions or Bonuses paid to hired help or independent contractors.