

The Tax Deduction Checklist

What can I deduct?



When do I file?

What expenses should I record?

Check out these often overlooked deduction possibilities for your small business or home office.

Home office

- Identify that part of your home (or a room in your home) you use as your home office.

Office supplies

- Keep receipts of all office supplies.

Furniture

- You can choose to deduct 100% of the cost in the year of purchase or depreciate over seven years. Refer to IRS Form 4562.

Other equipment

- Deduct the cost of computers, copiers, fax machines, printers, etc. As with furniture, you have the choice of deducting the entire cost at once or depreciating (five years in this case).

Software and subscriptions

- Computer software must be depreciated over three years, except anti-virus programs, which are fully deductible the year of purchase. Business related periodical subscriptions are fully deductible for the year.

Mileage

- Keep a notebook in your vehicle to record the date, mileage, tolls, parking costs and the purpose of your trips.

Travel, meals, entertainment and gifts

- Keep receipts for all business related travel, meal and entertainment expenses, including gas, tolls, air and train tickets, rental cars, etc.

Insurance premiums

- If you're self-employed and paying your own premiums, they could be 100% deductible.

Retirement contribution

- Deduct your contribution on your 1040.

Social Security

- If you are self-employed or starting a business, you have to pay both the employee and employer contributions, but you can deduct the employee contribution on your 1040.

Telephone charges

- You can deduct all of your business related calls from a home office, but you cannot deduct regular charges and fees unless you have a second line installed just for business.

Note: Some of the above information may not apply to your business. Check with your accountant or tax preparer to verify all deductions before filing your taxes.