

BATES & BISHOP CPA'S INC.

WHAT EXPENSES CAN I DEDUCT FOR MY BUSINESS AND WHAT DO I NEED TO BRING TO MY TAX APPOINTMENT

You should have a separate bank account for your business to simplify record keeping and to separate your business from your personal transactions. Money that you deposit to that account and money that you take out (or personal expenses paid) do not have an impact on your tax return. You need to keep receipts for your business expenses in case of IRS audit. We do not need those receipts to prepare your income tax return. We only need the totals of your various income and expense categories. Check our record retention chart on this web site for holding periods of different types of records. The following is a sample listing of income and expense categories. This list is not all inclusive and you may have other categories for your business. You may print this form and insert totals to bring to your tax appointment.

TOTAL SALES OR INCOME	
<u>COST OF SALES:</u>	
MATERIALS & SUPPLIES	
LABOR & SUB CONTRACT	
<u>EXPENSES:</u>	
ADVERTISING	
CONTRACT LABOR	
DUES AND SUBSCRIPTIONS	
INSURANCE (OTHER THAN AUTO & HEALTH)	
HEALTH INSURANCE (INDIVIDUAL POLICY ONLY-NOT SPOUSE'S GROUP INS)	
LEGAL & ACCOUNTING FEES	
INTEREST (BUSINESS LOANS & BUSINESS CREDIT CARDS)	
OFFICE EXPENSE	
RENT (BUILDINGS AND/OR EQUIPMENT)	
REPAIRS	
SUPPLIES (INCLUDING TOOLS AND EQUIPMENT COSTING LESS THAN \$500)	
TRAVEL (OTHER THAN MEALS & ENTERTAINMENT)	
MEALS & ENTERTAINMENT	
UTILITIES	
WAGES	
TELEPHONE (CELL PHONE OR DEDICATED BUSINESS LINES)	
INTERNET ACCESS	

AUTO EXPENSE:

You can deduct the business use of your personal vehicle. To support this deduction, you must keep a mileage log showing where you went, when you went, why you went and miles driven. You should also have receipts for repairs or oil changes that show odometer readings to help substantiate this log. You have the option to compute your deduction using actual expenses (total expenses X percentage of business use = tax deduction) plus depreciation, or you can use 48.5 cents per mile for each business mile driven. This 48.5 cents covers all expenses except interest. Once you have used actual expense for a given vehicle, you cannot use the cents per mile mileage deduction for that vehicle in future years. If you chose to use actual expense, we will need the original cost of the vehicle, or the fair market value if placed in service in a year after the year of purchase.

GAS, LUBE & OIL	
REPAIRS	
TIRES	
INSURANCE	
LICENSE	
INTEREST	
AUTO LEASE PAYMENTS	
TOTAL MILES DRIVEN FOR THE YEAR	
TOTAL BUSINESS MILES DRIVEN FOR THE YEAR	
VEHICLE COST OR FAIR MARKET VALUE WHEN PLACED IN SERVICE	

