

Top 6 Tax Deductions for Businesses

1. **Office in the Home**- It must be a space used exclusively for business. Take the square footage of the room and divide by total square footage of the house to get the business use %. Then apply this % to all costs of home to deduct expenses not usually deductible, like insurance, utilities, home owners dues, garbage, etc.
2. **Auto**- You should have a calendar showing all appointments for business meetings, where, when, who and what business was discussed. Total business miles divided by total miles for the year will give the business %. Then take all auto expenses- gas, insurance, repairs and maintenance, etc. and compute the business portion. Add depreciation on the car and see if that's greater than the standard mileage allowance times the total business miles.
3. **Telephone**- This should also be the business use portion. This can include land line, cell phones, internet service, fax line and dedicated computer line.
4. **Furniture and equipment**- everything used in your business is a potential deduction- desk, chairs, computer, printer, fax, toner, rug, book case, file cabinet, camera, lamp. When you start a business or start using an *office in the home* you can put the value of all these items on a depreciation schedule and take depreciation each year. If you buy them during the year you can elect to expense them in the current year.
5. **Meals**- Don't forget to keep track of all your meals with friends and associates. Every meal can be a potential referral of business to you! Talk about your business with everyone, and then it's a business meal. Again you will use your calendar to document who you saw, when and where to prove the business purpose. Only 50 % of meals are deductible, anyway, so why not include all of them.
6. **Your kids helping in the office**- They help you so you may as well pay them and take a deduction for it. They should be employees, but they can earn up to \$ 5,500 each and not pay any income tax, so you don't have to withhold any. Children under age 18 are not subject to FICA and Medicare withholding either. So you're shifting income to them that's tax free!