


Disclaimer: This guide is for informational purposes only. Consult a tax advisor for personalized advice.

IRS-Approved Deduction List for Small Business Owners

Save, Share, and Stay Organized All Year!

As a small business owner, maximizing tax deductions is key to reducing your taxable income. Below is a **clear, IRS-compliant list** of common deductions you can claim. Bookmark this guide, share it with peers, and consult it when tracking expenses.

 Based on IRS Publications 535, 463, 587, and Schedule C guidelines. Always verify current-year rules with a tax professional.

1. Operating Expenses

Everyday costs to keep your business running.

- **Advertising & Marketing:** Website costs, social media ads, business cards, and promotional materials.
- **Bank Fees:** Monthly service fees, transaction fees, and credit card processing fees.
- **Education:** Workshops, courses, or books directly related to improving your business skills.
- **Insurance:** Business liability, property, and workers' compensation insurance.
- **Legal/Professional Fees:** Accounting, bookkeeping, attorney fees, and tax preparation services.
- **Meals:** 50% deductible for business-related meals (e.g., lunch with a client or team meetings).
- **Office Supplies:** Printer ink, paper, pens, and postage.
- **Rent:** Office space, equipment, or retail store leases.
- **Repairs:** Minor fixes (e.g., patching a roof) — *not* major renovations.
- **Software:** Accounting tools, project management apps, or industry-specific programs.
- **Utilities:** Electricity, internet, and phone bills for your business space.
- **Wages/Salaries:** Employee pay, contractors, and payroll taxes.

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2. Home Office Deduction

If you use part of your home exclusively for business:

- **Simplified Method:** Deduct \$5 per square foot (up to 300 sq. ft., max \$1,500/year).
 - **Actual Expenses Method:** Deduct a percentage of mortgage interest, rent, utilities, and repairs based on your office's square footage.
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3. Vehicle Expenses

For business-related driving (commuting to work doesn't count).

- **Standard Mileage Rate:** 67 cents per mile (2024 rate) + parking/tolls.
 - **Actual Expenses:** Gas, repairs, insurance, and depreciation (track receipts).
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4. Inventory & Cost of Goods Sold (COGS)

Deduct the cost of products you sell:

- Raw materials, manufacturing costs, storage, and direct labor.
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5. Retirement Contributions

- **SEP IRA or Solo 401(k):** Contributions are deductible up to IRS limits.
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6. Health Insurance

- Premiums paid for yourself, spouses, or dependents (if self-employed)
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7. Travel Expenses

For business trips away from your tax home:

- Flights, hotels, 50% of meals, rental cars, and tips.
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8. Bad Debts

- Unpaid invoices from clients (if previously reported as income).
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9. Charitable Contributions

- Donations to qualified nonprofits (cash or goods).
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10. Depreciation

- Spread the cost of long-term assets (e.g., equipment, computers) over their useful life.
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11. Startup Costs

- Deduct up to \$5,000 in initial business expenses (e.g., market research, legal fees).

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Non-Deductible Expenses

🚫 IRS says “NO” to these:

- Personal expenses (e.g., groceries, vacations).
 - Political contributions or lobbying.
 - Fines or penalties (e.g., traffic tickets).
 - Life insurance premiums (if you’re the beneficiary).
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Pro Tips for Success

- 👍 **Track Everything:** Use apps or spreadsheets to log expenses in real-time.
 - 👍 **Save Receipts:** Digital or physical copies for 3+ years.
 - 👍 **Consult a Pro:** Complex deductions (e.g., depreciation, home office) may require expert advice.
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Share This Guide with fellow business owners!

Need Help? Let me handle your bookkeeping so you *never miss a deduction*. [Contact Me Today](#).

Why Save This Document?

- ✅ Quick reference during tax season.
- ✅ Avoid missed deductions.
- ✅ IRS-compliant = audit-ready.

Your financial success starts with smart bookkeeping. Download or print this list now!