



By: Dionne Obeso--Gilroy, CA

### **Write It Off: Max tax deductions for your small business**

If you're planning on taking the leap into self-employment, you should be prepared to take advantage of all the tax write-offs that the IRS has to offer. After all, becoming successful is hard enough without paying more taxes than necessary.

It's amazing what can be written off as a business expense, and equally amazing how many people don't maximize their deductions! Deductions are allowed for all businesses, even ones as small as the lawn-mowing service you run on the weekends. As long as you're running a business, as opposed to a hobby, you're good to go.

#### **Record everything**

Almost everyone knows that you can write off expenses such as driving costs for a business trip, but do you track every penny you put into your business? A home-based small business has a huge range of write-offs that can easily be overlooked. You can, for example, write off your stamps, envelopes, pens, paper, ink cartridges and other office supplies. If you bought furniture for your small business, write it down! Keep track of every penny that you spend on your small business by saving all of your receipts--they could add up to substantial deductions at the end of the year.

#### **Working at home**

If your small business is home-based, it may be possible to deduct even more, but be careful. Home office expenses can be deducted if the office is used exclusively and regularly for business. For example, if you decide to deduct your Internet access as a business expense, make sure you keep track of what percentage is used for work and what's personal--your deduction will be based on those percentages. The same goes for utilities.

#### **Wages**

Writing off wages is important, and can be maximized by actually paying people for their help. Is your girlfriend acting as your webmaster? Pay her a reasonable wage for her work and deduct it. Do your friends research for you? Pay them, too! Keep the expenses and wages legal and reasonable, and you should have no fear if audited.

To learn more about tax write-offs search "business expenses" at [irs.gov](http://irs.gov). Also, check out "business expense tax deductions" at [kiplinger.com](http://kiplinger.com) and "top tax deductions" at [nolo.com](http://nolo.com). Also, when you're starting a business it can pay off to invest in professional help. Search "CPA" at [bbb.org](http://bbb.org) to find accredited accountants.

**Bottom Line:** With more than 50 kinds of tax deductions available, it would be a poor business decision not to take advantage. Learning how to maximize your tax deductions can put valuable change back in your pocket and help your business thrive.

*Sources:* irs.gov; bbb.org; sba.gov; smallbusiness.yahoo.com; businessweek.com; moneycentral.msn.com; nolo.com; kiplinger.com

**Stats**

50% of entertainment expenses can be deducted for business meetings.

*Source:* nolo.com

58.5 cents per mile can be deducted from your taxes for business driving.

*Source:* irs.gov

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