



## **Items you can deduct for your business and a few descriptions**

Advertising  
Car & Truck Expenses  
Commission and Fees  
Contract Labor  
Depletion  
Employee Benefit Programs  
Insurance  
Interest  
Mortgage (paid to banks, etc)  
Legal & Professional Services  
Office Expenses  
Pensions & Profit Sharing  
Rent or Lease of Business Property and/or Machinery and/or Equipment  
Repairs & Maintenance  
Supplies  
Taxes & Licenses  
Travel  
Meals & Entertainment  
Utilities  
Wages  
Other

1. **Car & Truck Expenses:** You can deduct the actual expenses of operating your car or truck or take the standard mileage rate. This is true even if you used your vehicle for hire (such as a taxicab). You must use actual expenses if you used five or more vehicles simultaneously in your business (such as in fleet operations). You cannot use actual expenses for a leased vehicle if you previously used the standard mileage rate for that vehicle.

2. **Commission and Fees:** Total commissions and fees for the tax year. Do not include commissions or fees that are capitalized or deducted elsewhere on your return.  
Sales of property. Generally, commissions and other fees paid to facilitate the sale of the property must be capitalized. However, if you are a dealer in property, give us the commissions and fees you paid to facilitate the sale of that property.
3. **Contract Labor:** Give us the total cost of contract labor for the tax year. Contract labor includes payments to persons you do not treat as employees (for example, independent contractors) for services performed for your trade or business.
4. **Depletion:** Depreciation is the annual deduction allowed to recover the cost or other basis of business or investment property having a useful life substantially beyond the tax year. You also can depreciate improvements made to leased business property. However, stock in trade, inventories, and land is not depreciable. Depreciation starts when you first use the property in your business or for the production of income. It ends when you take the property out of service, deduct all your depreciable cost or another basis, or no longer use the property in your business or for the production of income.
5. **Employee Benefit Programs:** We can deduct contributions to employee benefit programs that are not an incidental part of a pension or profit-sharing plan. Examples are accident and health plans, group-term life insurance, and dependent care assistance programs.
6. **Insurance:** We can deduct premiums paid for business insurance
7. **Legal & Professional Services:** Include fees charged by accountants and attorneys that are ordinary and necessary expenses directly related to operating your business.  
  
Include fees for tax advice related to your business and for the preparation of the tax forms related to your business. Also, include expenses incurred in resolving asserted tax deficiencies related to your business.
8. **Office Expenses:** Include on this line your expenses for office supplies and postage.
9. **Rent or Lease Machinery and/or Equipment:** If you rented or leased vehicles, machinery, or equipment, we can deduct the business portion of your rental cost. But if you leased a vehicle for a term of 30 days or more, you may have to reduce your deduction by an amount called the inclusion amount.

**10. Repairs & Maintenance:** We can deduct the cost of incidental repairs and maintenance that do not add to the property's value or appreciably prolong its life. Do not deduct the value of your own labor. Do not deduct amounts spent to restore or replace property; they must be capitalized.

**11. Supplies:** In most cases, you can deduct the cost of materials and supplies only to the extent you actually consumed and used them in your business during the tax year (unless you deducted them in a prior tax year). However, if you had incidental materials and supplies on hand for which you kept no inventories or records of use, you can deduct the cost of those you actually purchased during the tax year, provided that method clearly reflects income.

You also can deduct the cost of books, professional instruments, equipment, etc., if you normally use them within a year. However, if their usefulness extends substantially beyond a year, you must generally recover their costs through depreciation.

**12. Taxes & Licenses:** You can deduct the following taxes and licenses on this line.

- State and local sales taxes imposed on you as the seller of goods or services. If you collected this tax from the buyer, you also must include the amount collected in gross receipts or sales.
- Real estate and personal property taxes on business assets.
- Licenses and regulatory fees for your trade or business paid each year to state or local governments. But some licenses, such as liquor licenses, may have to be amortized.
- Social security and Medicare taxes paid to match required withholding from your employees' wages.
- Federal unemployment tax paid.
- Federal highway use tax.
- Contributions to state unemployment insurance fund or disability benefits fund if they are considered taxes under state law.

**13. Travel:** Give us your expenses for lodging and transportation connected with overnight travel for business while away from your tax home. In most cases, your tax home is your main place of business, regardless of where you maintain your family home.

**14. Meals:** Give us your deductible business meal expenses. This includes expenses for meals while traveling away from home for business. Your deductible business meal expenses are a percentage of your actual business meal expenses or standard meal allowance.

**15. Utilities:** We can deduct utility expenses only for your trade or business.

**16. Wages:** We can deduct the total salaries and wages for the tax year reduced by the amount of the following credit(s), if applicable.

- Work Opportunity Credit
- Employee Retention Credit
- Empowerment Zone Employment Credit
- Indian Employment Credit
- Credit for Employer Differential Wage Payments

**17. Other:** Give us all ordinary and necessary business expenses not deducted elsewhere else. Do not include the cost of business equipment or furniture; replacements or permanent improvements to the property; or personal, living, and family expenses. Do not include charitable contributions. Also, you cannot deduct fines or penalties paid to a government for violating any law.