

BUSINESS TAX DEDUCTIONS

Don't let the organized, perfectionist devil on your shoulder get the best of you when it comes time to plan for tax time. Binders! Label makers! Special software!!

No need. If you're at that stage in your business, great, but for the rest of us simple is best.

The bottom line is that the IRS tell us exactly the categories of expenses to keep track of, so there is no point reinventing the wheel.

Organize your receipts into those categories during the year, and simple addition is all you have to do at tax time.

On the next page, you'll see the six categories and the most common expenses, products, and services that fall into each- by name!

Remember: Every business is different, and if you're (ab)using an accountant, he or she may devise different categories. But these are all you need to make the IRS happy, and anything else is just for "fun."

Friendly tip: A bank or credit card statement is not enough by itself to prove to the IRS that you actually spent money on a business expense. You need a receipt, too.

Business Tax Deductions By Category

#1 Advertising & Marketing

- Facebook ad spend
- LinkedIn ad spend
- Blog ad spend
- AdWords
- Giveaway prizes

The person who manages your ads goes in Category 6, and the software you use to manage ads goes in Category 2

#3 Insurance and Professional Fees

- Computers and tablets
- Microphone
- Video camera
- Lighting setup
- Video backdrop
- Affiliate gifts
- Old fashioned office supplies

#4 Equipment and Supplies

- Business liability insurance
- Coaching insurance
- Errors and omissions (malpractice) insurance
- Company registration or renewal (LLC)
- Local and state business licenses
- Legal fees
- Accounting fees

#5 Commissions and Processing Fees

- Affiliate commissions
- Joint venture payments
- Stripe, Square, or paypal fees
- Teachable or other course hosting commissions

#2 Subscriptions & Dues

- Coaching certification renewal (ICF)
- Program licensing fees (John C. Maxwell)
- Professional license fees (JD, RD, LPC, etc.)
- Organization membership fees (Intn'l Assoc. of Life Coaches)
- Mastermind or networking group fees

- Phone
- Internet
- Webinar provider (Instant Teleseminar, Webinar Ignition)
- Recorded call line, conference lines, 800 numbers (Grasshopper, Google Voice)
- Email provider (ConvertKit, MailChimp, Aweber)
- Sales platforms (Infusionsoft, Ontraport)
- Membership site software (Customerhub)
- Sales pages provider (LeadPages, Unbounce)
- Social media automation (Buffer, Edgar, Co-Schedule, Tailwind)
- Scheduler (TimeTrade)
- Accounting software (Xero, Quickbooks)
- Sales tax software (Tax Jar)
- Income tax software (Quickbooks)
- Paid plug-ins (WPMU Dev)
- WordPress themes (Studiopress)
- Domain names (Namecheap, GoDaddy)
- Hosting (Bluehost, Amazon S3)
- Stock photography (Shutterstock, Styled Stock Photography)

#6 Contract labor

- Virtual assistant
- Launch strategist
- Facebook ad manager
- Social media manager
- Copywriter
- Developer
- Graphic designer
- Photographer

If any of these were paid in their own names (like Sally Smith, not Sally Smith Photos, LLC), and you paid them more than \$600 during the year, you also need to send them a 1099 form with Box 7 filled in by Jan 31.

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Here is what I do to keep receipt tracking in my own business painless:

1. Set up six labels in your email account (I use Gmail) that match the categories on the **prior** page.
2. When you pay a business expense, get an email receipt and label it with the correct category using the info on the next page.
3. Archive it, and then at tax time, pull up everything in each of the categories.
4. Download the information, totaling it as you go, and fill in the matching blanks on your tax form or software.

That's it. No printing, downloading, saving, filing, piles of paper, boxes of receipts, or anything else. Your accountant hates me.

Bonus tip: This year I added a Mint account to the mix. I connected my business bank and credit cards to Mint and set up the same categories there. Mint does the adding for me now when I select a custom date range for the whole year for any category. Free, easy, and organized, even as my business takes off (and totally systematic and delegable when the time comes).

Print the next page for reference until the day comes when organizing your write offs becomes second nature. It will happen, I promise, and you'll have more money in your pocket to show for it and peace of mind that your taxes are audit proof.