

key expenses

Tax Deductions for: Business Professionals

PROFESSIONAL FEES & DUES:

Dues paid to professional societies related to your profession are deductible. However, the cost of initial admission fees paid for membership in certain organizations or social clubs are considered capital expenses.

CONTINUING EDUCATION:

Educational expenses are deductible under either of two conditions: (1) your employer requires the education in order for you to keep your job or rate of pay; or (2) the education maintains or improves your skills in your profession. The costs of courses that are taken to meet the minimum requirements of a job, or that qualify you for a new trade or business, are NOT deductible.

TELEPHONE EXPENSES:

The basic local telephone service costs of the first telephone line provided in your residence are not deductible. However, toll calls from that line are deductible if the calls are business-related. The costs of a second line (basic service and toll calls) in your home are also deductible if that line is used exclusively for business.

AUTO TRAVEL:

Your auto expenses are based on the number of qualified business miles you drive. Expenses for travel between business locations or daily transportation expenses between your residence and temporary work locations are deductible; include them as business miles. Expenses for your trips between home and work each day, or between home and one or more regular places of work, are COMMUTING expenses and are NOT deductible.

Document business miles in a record book as follows: (1) give the date and business purpose of each trip; (2) note the place to which you traveled; (3) record the number of business miles; and (4) record your car's odometer reading at both the beginning and end of the tax year. Keep receipts for all car operating expenses – gas, oil, repairs, insurance, etc. – and of any reimbursement you received for your expenses.

SUPPLIES & EXPENSES:

Generally, to be deductible, items must be ordinary and necessary costs in your profession and not reimbursable by your employer.

EQUIPMENT PURCHASES:

Record separately from other supplies the costs of business assets that are expected to last longer than one year and cost more than \$100. Normally, the costs of such assets are recovered differently on your tax return than are other recurring, everyday business expenses such as business cards or office supplies.

OUT-OF-TOWN TRAVEL:

Expenses accrued when traveling away from "home" overnight on job-related and continuing education trips are deductible. Your "home" is generally considered to be the entire city or general area where your principal place of employment is located. Out-of-town expenses include transportation, meals, lodging, tips and miscellaneous items like laundry, valet, etc.

Document away-from-home expenses by noting the date, destination and business purpose of your trip. Record business miles if you drove to the out-of-town location. In addition, keep a detailed record of your expenses – lodging, public transportation, meals, etc. Always list meals and lodging separately in your records. Receipts must be retained for each lodging expense. However, if any other business expense is less than \$75, a receipt is not necessary if you record all of the information in a timely diary. You must keep track of the full amount of meal and entertainment expenses even though only a portion of the amount may be deductible.

MISCELLANEOUS EXPENSES:

Expenses of looking for new employment in your present line of work are deductible – you do not have to actually obtain a new job in order to deduct the expenses. Out-of-town, job-seeking expenses are deductible only if the primary purpose of the trip is job seeking, not pursuing personal activities.

The information provided in this brochure is an abbreviated summary of the rules for the job-related expenses applicable to business professionals.

For additional details as to specific business expenses, the records required and the various governmental regulations,

consult the firm providing this brochure.

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Occupational
Series



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introduction

In order to deduct expenses in your trade or business, you must show that the expenses are "ordinary and necessary." An ordinary expense is one that is customary in your particular line of work. A necessary expense is one that is appropriate but not necessarily essential in your business. The application of these terms to you relies heavily on the "facts and circumstances" of your unique situation.

PROFESSIONAL Fees & Dues:

| | |
|---------------------------|--|
| Association Dues | |
| Credentials | |
| License | |
| Professional Associations | |
| Union Dues | |
| Other: _____ | |
| Other: _____ | |

CONTINUING Education:

| | |
|----------------------------|--|
| Correspondence Course Fees | |
| Course Registration | |
| Lab Fees | |
| Materials & Supplies | |
| Photocopy Expenses | |
| Reference Materials | |
| Research Expenses | |
| Seminar Fees | |
| Textbooks | |
| Other: _____ | |
| Other: _____ | |

COMMUNICATION Expenses:

| | |
|-------------------|--|
| Cellular Calls | |
| Fax Transmissions | |
| Paging Service | |
| Pay Phone | |
| Toll Calls | |
| Internet Access | |
| Other: _____ | |

AUTO Travel:

| | |
|--|--|
| Between Jobs or Job Locations (mi) | |
| Client Meetings (mi) | |
| Continuing Education (mi) | |
| Job Seeking (mi) | |
| Out-of-Town Business Trips (mi) | |
| Purchasing Job Supplies & Materials (mi) | |
| Professional Society Meetings (mi) | |
| Parking Fees (\$) | |
| Tolls (\$) | |
| Other: _____ | |

SUPPLIES & Expenses:

| | |
|--|--|
| Briefcase | |
| Business Meals (enter 100% of expense) | |
| Business Cards | |
| Clerical Service | |
| Computer Software | |
| Computer Supplies | |
| Customer Lists | |
| Entertainment (enter 100% of expense) | |
| Equipment Repair | |
| Fax Supplies | |
| Gifts | |
| Greeting Cards | |
| Legal & Professional Services | |
| Office Expenses | |
| Photocopy Expenses | |
| Postage | |
| Shipping | |
| Stationery | |
| Technical Publications | |
| Other: _____ | |

EQUIPMENT Purchases:

| | |
|-------------------|--|
| Answering Machine | |
| Calculator | |
| Copy Machine | |
| Fax Machine | |
| Pager | |
| Recorder | |
| Telephone | |
| Other: _____ | |
| Other: _____ | |

OUT-OF-TOWN Travel:

| | |
|-------------------------------------|--|
| Airfare | |
| Bridge & Highway Tolls | |
| Bus & Subway | |
| Car Rental | |
| Laundry | |
| Lodging (do not combine with meals) | |
| Meals (do not combine with lodging) | |
| Parking | |
| Porter, Bell Captain | |
| Taxi | |
| Telephone Calls (including home) | |
| Train | |
| Other: _____ | |

MISCELLANEOUS Expenses:

| | |
|--------------------------------|--|
| Liability Insurance - Business | |
| Subscriptions | |
| Resumé - Job Seeking | |
| Other: _____ | |
| Other: _____ | |