

General Expense Guidance

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Expense Guide

Advertising

These are expenses you pay to advertise or market your business. Examples include: a magazine or newspaper ad, fliers you purchase to send to prospective clients, coffee cups with your logo that you give to customers.

Commission and Fees

These are commissions or fees you pay to someone who is not your employee (commissions paid to employees belong in the wages category). Example: a fee paid to a colleague for referring a client to you.

Contract Labor

These are amounts you pay to someone who is not your employee for doing work. Example: you are a grant writer and you suddenly get busy, so you pay another grant writer to complete a project you don't have time for.

Capital Asset Purchased

This is equipment or items you buy that you will use in your business for longer than a year. Examples include: a car or delivery van, production equipment, buildings.

Employee Benefit Programs

These are expenses you pay for benefits you provide to your employees. Examples include: employee health insurance, parking reimbursement programs, on-site day-care available to your employees.

Insurance (other than health)

This is insurance for your business. Examples include: general business liability insurance, errors & omissions insurance, malpractice insurance.

Mortgage Interest

This is interest you pay on a mortgage secured by business property - do not include mortgage interest paid for your home, even if you have a home office (home office expense is claimed elsewhere; ask your tax-preparer for details). Example: you are a dentist and your business owns the building where your clinic is located, the mortgage interest for that building belongs here.

Other Interest

This is interest you pay for business loans or other credit. Examples include: interest paid on a business credit card, interest paid on a business credit line used for working capital.

Legal and Professional Services

These are expenses you pay to an attorney or other professional. Examples include: a fee paid to an attorney for drafting a business contract, bookkeeping service, tax-preparation service, answering service.

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Office Expense

These are expenses you pay for office supplies and administrative items. Examples include: pens, paper, printer ink or toner, photocopy or print charges, PO box rental fees.

Pension and Profit-Sharing Plans

These are amounts you pay into a pension or profit-sharing plan for you employees. Ask your tax-preparer for more details.

Rent of Lease of Vehicles, Machinery, Equipment

These are fees you pay to rent or lease items for your business. Examples include: rental cars, production equipment, specialty equipment rented for a specific job.

Rent or Lease of Business Property

This is rent you pay or lease payments you make for property used in your business. Examples include: office space, warehouse space, storage space.

Repairs and Maintenance

These are amounts you pay to repair or maintain property or equipment used your business. Examples include: fixing a piece of business equipment, regular maintenance on a machine or tool used for business.

Supplies

These are items you purchase to get your work done. Examples include: floss and toothpaste for a dentist, exercise bands for a personal trainer, pins and needles for a dress-maker.

Taxes and Licenses

These are taxes you pay to state, local, or foreign entities for your business, and licensing fees you pay - do not include Federal income tax here. Examples include: payroll taxes, annual state business license fee.

Travel

These are expenses you pay to travel for your business - do not include meals while traveling (those are included in the "meals" category). Examples include: airfare, baggage fee, hotel, taxi.

Meals

These are amounts you pay for food or beverages during a business meeting. Examples include: meals while traveling for business, a meeting with a new client to discuss the project details.

IMPORTANT NOTE: business entertainment expenses should be included in this category for tax years 2017 and prior. However, no deduction is allowed for business entertainment in tax years 2018 through 2025 (specifically for tax years beginning after December 31, 2017 and ending before January 1, 2026) per the Tax Cuts and Jobs Act of 2017.

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Utilities

These are utility services for business property - do not include utilities paid for your home, even if you have a home office (home office expense is claimed elsewhere; ask your tax-preparer for details). Examples include: electricity for your office building, the telephone line at your business location, internet service at your business location.

Wages Paid

These are amounts you pay to employees for performing work. Examples include: hours worked, sick and vacation time, holiday bonus.

Other Expenses

These are expenses you pay for your business that do not fit into any of the other categories. Examples include: continuing education expenses, bank charges, professional dues.

Final Note & Fine Print

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