



Top 10 Tax Tips for Small Businesses

Disclaimer – I am not a tax preparer. Please seek a Tax Professional before making any significant financial decisions.

1. Record your vehicle's odometer mileage on January 1st. Your tax preparer may need to calculate the % of mileage split between personal versus business. ALWAYS track your miles for business use. Whether you deduct actual auto expenses or use the standard mileage rate, you may need this information. 2020 is \$0.575. Apps like MileIQ are great for tracking mileage from your phone.
2. Do not forget to deduct your home office. Err on the side of caution and do not include unfinished basement square footage, unless advised by your tax professional. *Whether you rent or own*, you can still take a home office deduction. Calculate the square footage of your office and divide by the square footage of your house. Example: 10-foot by 10-foot office is 100 sqft. $100/2,000$ (sqft of the house) = 5% of the property is a home office. Keep track of all your home expenses. Water, heat, repairs, any home cost can all be deducted at the same percentage as the office square footage. Or have your tax preparer use the Safe-Harbor home office deduction. Use your office square footage times \$5 per square foot, with a max of 300 sqft. (max deduction of \$1,500)
3. If you have an off-site office and home office, you can deduct both. 😊
4. Any professionals or contractors you hire from coaches to VA's earning over \$600 in one year needs to be issued a 1099-MISC. The new form in 2020 is a 1099-NEC.
5. Entertainment is not a business expense anymore. Networking meals or client meals are only deductible at 50%. Different rules apply if the meals are consumed during a business trip. Those meals are 100% deductible.
6. Any office expense from printer ink to flowers to spruce up your office are deductible office supplies.
7. Networking dues, software subscriptions, and magazines for your business are all deductible.
8. Interest on loans or business line of credits are deductible.
9. Insurance – E&O and self-employed health insurance are both deductible.
10. All education, seminars, workshops, and classes to improve your skills are all deductible.