

## TAX BENEFITS

As a self-employed independent contractor you are entitled to certain tax deductions for those expenses incurred in the conduct of your business provided they are supported by adequate records. Some of the more common business expense deductions are listed below. Since each individual's tax situation will vary, you should contact your personal tax advisor regarding the specific application of these general guidelines.

### TYPICAL TAX DEDUCTIONS

#### A. AUTO EXPENSES

1. Business portion of actual expenses incurred
  - a. Gasoline and oil
  - b. Repairs and maintenance
  - c. Insurance
  - d. Depreciation (or lease payment, if leased)
  - e. Tags and licenses
2. Alternative method - standard mileage rate  
(January 1 – June 30, 2008 = 50.5¢/mile)  
(July 1 – December 31 2008 = 58.5¢/mile)
3. Deductible under either method
  - a. Parking fees and tolls incurred on business
  - b. Business portion of interest on car loan
  - c. Business portion of property taxes on car

#### B. SALES AIDS (Section II)

1. Literature
2. Cotton balls/cotton swabs, etc.
3. Wash cloths/table cloths
4. Disposables

#### C. OFFICE SUPPLIES

1. Stationery
2. Postage
3. Paper and pens/pencils

#### D. HOSTESS GIFTS (property other than product-not Section 1 or 2)

#### E. BUSINESS ENTERTAINMENT (50%)

1. Business meals
2. Hostess luncheons
3. Potluck dinners (your cost)
4. Christmas open house

#### F. LEGAL AND ACCOUNTING FEES

- G. AIRFARE, TAXI, ETC.; LODGING (100%) AND MEALS (50%) DURING TRAVEL AWAY FROM HOME (overnight) FOR BUSINESS PURPOSES; i.e., SEMINAR/CAREER CONFERENCE
- H. DEPRECIATION OF OFFICE FURNITURE AND FIXTURES - ALSO SECTION 179 EXPENSE DEDUCTIONS - \$102,000
  - 1. Desk/chair
  - 2. Calculator
  - 3. File cabinet
  - 4. Storage shelves
- I. OFFICE IN HOME - ALLOCATION OF EXPENSES BASED ON THE BUSINESS PORTION OF THE HOME USED EXCLUSIVELY AND REGULARLY AS YOUR PRINCIPAL PLACE OF BUSINESS (The rules on this are tricky -- check with your accountant.)\*
  - 1. Real estate taxes
  - 2. Interest on mortgage
  - 3. Depreciation (or rental payment)
  - 4. Insurance
  - 5. Utilities and services
  - 6. Repairs and maintenance
- J. OTHER BUSINESS EXPENSES
  - 1. Long distance phone calls and cell phone use
  - 2. Service charges on business bank account
  - 3. Training tapes
  - 4. Credit card discount fee
  - 5. Interest on business loan
- K. CHILD CARE CREDIT - (20-30% of child care expenses, depending on income)
- L. COMPUTER RELATED EXPENSES
  - 1. Computer depreciation - %
  - 2. Internet expense - %
  - 3. Web site
  - 4. Software - off the shelf

\* Office in home is necessary for 100% car business mileage deduction